

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 1999**

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STATE OF OHIO  
OFFICE OF THE AUDITOR

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## REPORT OF INDEPENDENT ACCOUNTANTS

Buckeye Joint Vocational School District  
Tuscarawas County  
545 University Drive  
New Philadelphia, Ohio 44663

To the Board of Education:

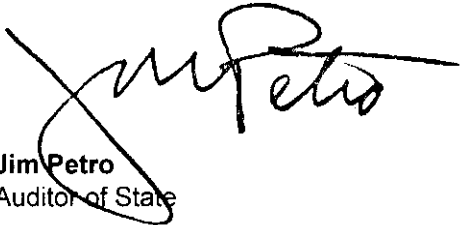
We have audited the accompanying general purpose financial statements of Buckeye Joint Vocational School District, Tuscarawas County, (the District) as of and for the year ended June 30, 1999, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 1999 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.

The accompanying Schedule of Federal Awards, Receipts and Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro", is written over a circular stamp or seal that is partially obscured by the signature.

**Jim Petro**  
Auditor of State

December 8, 1999

Buckeye Joint Vocational School District  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 1999

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Assets and Other Debit:			
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$3,725,874	\$191,205	\$587,289
Cash and Cash Equivalents In Segregated Accounts	0	0	0
Receivables:			
Taxes	3,667,842	0	362,754
Accounts	158,843	2,655	25,000
Intergovernmental	4,269	104,472	0
Accrued Interest	0	0	889
Interfund	68,532	0	0
Prepaid Items	12,735	0	0
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	88,553	0	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	103,588	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0
Other Debit:			
Amount to be Provided from General Government Resources	0	0	0
<b>Total Assets and Other Debit</b>	<b>\$7,830,236</b>	<b>\$298,332</b>	<b>\$975,932</b>

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$82,860	\$0	\$28,233	\$0	\$0	\$4,615,461
0	458,588	0	0	0	458,588
0	0	0	0	0	4,030,596
0	0	0	0	0	186,498
0	0	0	0	0	108,741
0	0	0	0	0	889
0	0	0	0	0	68,532
0	0	0	0	0	12,735
11,007	0	0	0	0	11,007
324	0	0	0	0	88,877
0	0	0	0	0	103,588
40,632	0	0	14,354,662	0	14,395,294
0	0	0	0	386,016	386,016
<u>\$134,823</u>	<u>\$458,588</u>	<u>\$28,233</u>	<u>\$14,354,662</u>	<u>\$386,016</u>	<u>\$24,466,822</u>

(continued)

Buckeye Joint Vocational School District  
 Combined Balance Sheet  
 All Fund Types and Account Groups (continued)  
 June 30, 1999

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Assets and Other Debit:			
Liabilities,			
Fund Equity and Other Credits:			
-----			
Liabilities:			
-----			
Accounts Payable	\$121,814	\$15,681	\$23,223
Contracts Payable	0	0	112,508
Accrued Wages	472,985	6,807	0
Compensated Absences Payable	47,546	5,498	0
Retainage Payable	0	0	3,958
Interfund Payable	0	68,532	0
Intergovernmental Payable	20,257	2,040	2,539
Deferred Revenue	3,214,149	0	317,883
Due to Students	0	0	0
Claims Payable	0	0	0
Capital Leases Payable	0	0	0
Energy Conservation Note Payable	0	0	80,852
	3,876,751	98,558	540,963
	-----	-----	-----
Fund Equity and Other Credits:			
-----			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings:			
Unreserved (Deficit)	0	0	0
Fund Balance:			
Reserved for Encumbrances	121,534	33,697	87,735
Reserved for Inventory	88,553	0	0
Reserved for Property Taxes	453,693	0	44,871
Reserved for Budget Stabilization	103,588	0	0
Unreserved:			
Undesignated	3,186,117	166,077	302,363
	3,953,485	199,774	434,969
	-----	-----	-----
Total Liabilities, Fund Equity and Other Credits	\$7,830,236	\$298,332	\$975,932
	=====	=====	=====

See accompanying notes to the general purpose financial statements

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$4,301	\$0	\$0	\$0	\$0	\$165,019
0	0	0	0	0	112,508
7,017	0	0	0	0	486,809
0	0	0	0	239,620	292,664
0	0	0	0	0	3,958
0	0	0	0	0	68,532
6,374	0	200	0	6,293	37,703
3,955	0	0	0	0	3,535,987
0	0	23,230	0	0	23,230
0	63,197	0	0	0	63,197
0	0	0	0	140,103	140,103
0	0	0	0	0	80,852
<u>21,647</u>	<u>63,197</u>	<u>23,430</u>	<u>0</u>	<u>386,016</u>	<u>5,010,562</u>
0	0	0	14,354,662	0	14,354,662
261,690	0	0	0	0	261,690
(148,514)	395,391	0	0	0	246,877
0	0	0	0	0	242,966
0	0	0	0	0	88,553
0	0	0	0	0	498,564
0	0	0	0	0	103,588
0	0	4,803	0	0	3,659,360
<u>113,176</u>	<u>395,391</u>	<u>4,803</u>	<u>14,354,662</u>	<u>0</u>	<u>19,456,260</u>
<u>\$134,823</u>	<u>\$458,588</u>	<u>\$28,233</u>	<u>\$14,354,662</u>	<u>\$386,016</u>	<u>\$24,466,822</u>



Buckeye Joint Vocational School District  
 Combined Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 All Governmental Fund Types and Expendable Trust Fund  
 For the Fiscal Year Ended June 30, 1999

	Governmental	
	General	Special Revenue
Revenues:		
Property & Other Local Taxes	\$3,207,728	\$0
Intergovernmental	4,291,904	940,871
Interest	173,427	0
Tuition and Fees	15,604	408,124
Rent	0	200
Gifts and Donations	0	0
Customer Services	170,923	0
Miscellaneous	13,316	7,928
<b>Total Revenues</b>	<b>7,872,902</b>	<b>1,357,123</b>
Expenditures:		
Current:		
Instruction:		
Regular	531,891	3,837
Special	185,819	0
Vocational	4,256,852	153,921
Adult/Continuing	0	787,259
Support Services:		
Pupils	335,830	220,048
Instructional Staff	376,015	143,015
Board of Education	66,641	0
Administration	401,779	13,389
Fiscal	243,913	0
Operation and Maintenance of Plant	794,385	0
Pupil Transportation	7,083	0
Central	0	69,101
Operation of Non-Instructional Services	5,773	0
Extracurricular Activities	0	208
Capital Outlay	0	0
Debt Service:		
Principal Retirement	40,045	0
Interest and Fiscal Charges	9,947	0
<b>Total Expenditures</b>	<b>7,255,973</b>	<b>1,390,778</b>
Excess of Revenues Over Expenditures	616,929	(33,655)
Other Financing Sources (Uses):		
Proceeds from Sale of Fixed Assets	153,572	0
Operating Transfers In	0	35,013
Operating Transfers Out	(69,664)	0
<b>Total Other Financing Sources (Uses)</b>	<b>83,908</b>	<b>35,013</b>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	700,837	1,358
Fund Balances Beginning of Year - Restated (See Note 3)	3,321,167	198,416
Decrease in Reserve for Inventory	(68,519)	0
<b>Fund Balances End of Year</b>	<b>\$3,953,485</b>	<b>\$199,774</b>

See accompanying notes to the general purpose financial statements

Fund Types	Fiduciary Fund Type	Totals (Memorandum Only)
Capital Projects	Expendable Trust	
\$317,249	\$0	\$3,524,977
38,864	0	5,271,639
18,062	103	191,592
0	0	423,728
0	0	200
0	225	225
0	0	170,923
0	0	21,244
374,175	328	9,604,528
0	0	535,728
0	0	185,819
0	0	4,410,773
0	0	787,259
0	0	555,878
0	0	519,030
0	0	66,641
0	0	415,168
0	0	243,913
0	0	794,385
0	0	7,083
0	0	69,101
0	714	6,487
0	0	208
457,812	0	457,812
0	0	40,045
0	0	9,947
457,812	714	9,105,277
(83,637)	(386)	499,251
31,364	0	184,936
34,651	0	69,664
0	0	(69,664)
66,015	0	184,936
(17,622)	(386)	684,187
452,591	5,189	3,977,363
0	0	(68,519)
\$434,969	\$4,803	\$4,593,031

Buckeye Joint Vocational School District  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
 All Governmental Fund Types and Expendable Trust Fund  
 For the Fiscal Year Ended June 30, 1999

	General		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property & Other Local Taxes	\$3,414,700	\$3,415,177	\$477
Intergovernmental	4,291,117	4,291,904	787
Interest	165,761	168,599	2,838
Tuition and Fees	18,660	19,256	596
Rent	0	0	0
Gifts and Donations	0	0	0
Customer Services	290,850	292,292	1,442
Miscellaneous	15,700	16,105	405
<b>Total Revenues</b>	<b>8,196,788</b>	<b>8,203,333</b>	<b>6,545</b>
Expenditures:			
Current:			
Instruction:			
Regular	541,991	528,358	13,633
Special	186,136	183,455	2,681
Vocational	4,328,261	4,283,537	44,724
Adult/Continuing	0	0	0
Support Services:			
Pupils	335,437	333,565	1,872
Instructional Staff	394,302	382,168	12,134
Board of Education	79,610	78,001	1,609
Administration	404,311	401,910	2,401
Fiscal	250,369	249,547	822
Operation and Maintenance of Plant	882,421	841,221	41,200
Pupil Transportation	12,271	7,436	4,835
Central	0	0	0
Operation of Non-Instructional Services	5,800	5,773	27
Extracurricular Activities	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>7,420,909</b>	<b>7,294,971</b>	<b>125,938</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>775,879</b>	<b>908,362</b>	<b>132,483</b>
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	0	0	0
Advances In	52,759	62,634	9,875
Advances Out	(69,000)	(68,532)	468
Operating Transfers In	0	0	0
Operating Transfers Out	(119,738)	(119,656)	82
<b>Total Other Financing Sources (Uses)</b>	<b>(135,979)</b>	<b>(125,554)</b>	<b>10,425</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>639,900</b>	<b>782,808</b>	<b>142,908</b>
Fund Balance Beginning of Year	2,650,742	2,650,742	0
Prior Year Encumbrances Appropriated	228,317	228,317	0
<b>Fund Balances End of Year</b>	<b>\$3,518,959</b>	<b>\$3,661,867</b>	<b>\$142,908</b>

Special Revenue			Debt Service		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0
944,320	944,364	44	0	0	0
0	0	0	0	0	0
412,793	416,929	4,136	0	0	0
200	200	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
9,128	9,140	12	0	0	0
1,366,441	1,370,633	4,192	0	0	0
3,837	3,837	0	0	0	0
0	0	0	0	0	0
156,747	154,051	2,696	0	0	0
845,079	810,357	34,722	0	0	0
233,039	224,019	9,020	0	0	0
157,012	146,063	10,949	0	0	0
0	0	0	0	0	0
13,443	13,389	54	0	0	0
3,965	0	3,965	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
80,495	76,402	4,093	0	0	0
0	0	0	0	0	0
3,000	208	2,792	0	0	0
0	0	0	0	0	0
0	0	0	74,696	74,696	0
0	0	0	9,947	9,947	0
1,496,617	1,428,326	68,291	84,643	84,643	0
(130,176)	(57,693)	72,483	(84,643)	(84,643)	0
0	0	0	0	0	0
68,532	68,532	0	0	0	0
(62,634)	(62,634)	0	0	0	0
35,013	35,013	0	84,643	84,643	0
0	0	0	0	0	0
40,911	40,911	0	84,643	84,643	0
(89,265)	(16,782)	72,483	0	0	0
144,851	144,851	0	0	0	0
18,154	18,154	0	0	0	0
\$73,740	\$146,223	\$72,483	\$0	\$0	\$0

(continued)

Buckeye Joint Vocational School District  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget(Non-GAAP Basis) and Actual  
 All Governmental Fund Types and Expendable Trust Fund (continued)  
 For the Fiscal Year Ended June 30, 1999

	-----Capital Projects-----		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property & Other Local Taxes	\$337,756	\$337,765	\$9
Intergovernmental	38,865	38,864	(1)
Interest	17,280	17,281	1
Tuition and Fees	0	0	0
Rent	0	0	0
Gifts and Donations	0	0	0
Customer Services	0	0	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<b>393,901</b>	<b>393,910</b>	<b>9</b>
Expenditures:			
Current:			
Instruction:			
Regular	0	0	0
Special	0	0	0
Vocational	0	0	0
Adult/Continuing	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	8,400	8,305	95
Operation and Maintenance of Plant	79,462	78,838	624
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	641,248	489,544	151,704
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>729,110</b>	<b>576,687</b>	<b>152,423</b>
<b>Excess of Revenues(Under) Expenditures</b>	<b>(335,209)</b>	<b>(182,777)</b>	<b>152,432</b>
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	31,364	31,364	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>31,364</b>	<b>31,364</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(303,845)</b>	<b>(151,413)</b>	<b>152,432</b>
Fund Balances Beginning of Year	267,331	267,331	0
Prior Year Encumbrances Appropriated	258,935	258,935	0
<b>Fund Balances End of Year</b>	<b>\$222,421</b>	<b>\$374,853</b>	<b>\$152,432</b>

See accompanying notes to the general purpose financial statements

-----Expendable Trust-----			Totals (Memorandum Only) -----		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$3,752,456	\$3,752,942	\$486
0	0	0	5,274,302	5,275,132	830
102	103	1	183,143	185,983	2,840
0	0	0	431,453	436,185	4,732
0	0	0	200	200	0
225	225	0	225	225	0
0	0	0	290,850	292,292	1,442
0	0	0	24,828	25,245	417
-----	-----	-----	-----	-----	-----
327	328	1	9,957,457	9,968,204	10,747
-----	-----	-----	-----	-----	-----
0	0	0	545,828	532,195	13,633
0	0	0	186,136	183,455	2,681
0	0	0	4,485,008	4,437,588	47,420
0	0	0	845,079	810,357	34,722
0	0	0	568,476	557,584	10,892
0	0	0	551,314	528,231	23,083
0	0	0	79,610	78,001	1,609
0	0	0	417,754	415,299	2,455
0	0	0	262,734	257,852	4,882
0	0	0	961,883	920,059	41,824
0	0	0	12,271	7,436	4,835
0	0	0	80,495	76,402	4,093
1,200	514	686	7,000	6,287	/13
0	0	0	3,000	208	2,792
0	0	0	641,248	489,544	151,704
0	0	0	74,696	74,696	0
0	0	0	9,947	9,947	0
-----	-----	-----	-----	-----	-----
1,200	514	686	9,732,479	9,385,141	347,338
-----	-----	-----	-----	-----	-----
(873)	(186)	687	224,978	583,063	358,085
-----	-----	-----	-----	-----	-----
0	0	0	31,364	31,364	0
0	0	0	121,291	131,166	9,875
0	0	0	(131,634)	(131,166)	468
0	0	0	119,656	119,656	0
0	0	0	(119,738)	(119,656)	82
-----	-----	-----	-----	-----	-----
0	0	0	20,939	31,364	10,425
-----	-----	-----	-----	-----	-----
(873)	(186)	687	245,917	614,427	368,510
5,190	5,190	0	3,068,114	3,068,114	0
0	0	0	505,406	505,406	0
-----	-----	-----	-----	-----	-----
\$4,317	\$5,004	\$687	\$3,819,437	\$4,187,947	\$368,510
=====	=====	=====	=====	=====	=====

**Buckeye Joint Vocational School District  
 Combined Statement of Revenues,  
 Expenses and Changes in Fund Equity  
 All Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 1999**

	Enterprise	Internal Service	Totals (Memorandum Only)
<b>Operating Revenues:</b>			
Sales	\$270,825	\$0	\$270,825
Charges for Services	0	911,311	911,311
<b>Total Operating Revenues</b>	<b>270,825</b>	<b>911,311</b>	<b>1,182,136</b>
<b>Operating Expenses:</b>			
Salaries	96,184	0	96,184
Fringe Benefits	45,407	0	45,407
Purchased Services	271	133,426	133,697
Materials and Supplies	40,816	0	40,816
Cost of Sales	150,507	0	150,507
Depreciation	5,605	0	5,605
Claims	0	897,182	897,182
<b>Total Operating Expenses</b>	<b>338,790</b>	<b>1,030,608</b>	<b>1,369,398</b>
<b>Operating Loss</b>	<b>(67,965)</b>	<b>(119,297)</b>	<b>(187,262)</b>
<b>Non-Operating Revenues:</b>			
Federal Donated Commodities	21,091	0	21,091
Operating Grants	40,648	0	40,648
Interest	814	7,309	8,123
<b>Total Non-Operating Revenues</b>	<b>62,553</b>	<b>7,309</b>	<b>69,862</b>
<b>Net Loss</b>	<b>(5,412)</b>	<b>(111,988)</b>	<b>(117,400)</b>
<b>Retained Earnings (Deficit) Beginning of Year</b>	<b>(143,102)</b>	<b>507,379</b>	<b>364,277</b>
<b>Retained Earnings (Deficit) End of Year</b>	<b>(148,514)</b>	<b>395,391</b>	<b>246,877</b>
Contributed Capital Beginning of Year	255,917	0	255,917
Capital Contributions From Other Funds	5,773	0	5,773
Contributed Capital End of Year	261,690	0	261,690
<b>Total Fund Equity End of Year</b>	<b>\$113,176</b>	<b>\$395,391</b>	<b>\$508,567</b>

See accompanying notes to the general purpose financial statements



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**Buckeye Joint Vocational School District  
 Combined Statement of Revenues, Expenses and  
 Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual  
 All Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 1999**

	----- Enterprise -----		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
	-----	-----	-----
<u>Revenues:</u>			
Sales	\$270,782	\$271,943	\$1,161
Charges for Services	0	0	0
Operating Grants	38,400	40,648	2,248
Interest	0	814	814
	-----	-----	-----
Total Revenues	309,182	313,405	4,223
	-----	-----	-----
<u>Expenses:</u>			
Salaries	95,843	95,835	8
Fringe Benefits	45,791	45,528	263
Purchased Services	0	0	0
Materials and Supplies	174,794	173,240	1,554
	-----	-----	-----
Total Expenses	316,428	314,603	1,825
	-----	-----	-----
Excess of Revenues Over (Under) Expenses	(7,246)	(1,198)	6,048
Fund Equity Beginning of Year	82,309	82,309	0
Prior Year Encumbrances Appropriated	795	795	0
	-----	-----	-----
Fund Equity End of Year	\$75,858	\$81,906	\$6,048
	=====	=====	=====

----- Internal Service -----		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0
871,555	911,400	39,845
0	0	0
7,900	7,919	19
-----	-----	-----
879,455	919,319	39,864
-----	-----	-----
0	0	0
924,370	924,369	1
133,430	133,426	4
0	0	0
-----	-----	-----
1,057,800	1,057,795	5
-----	-----	-----
(178,345)	(138,476)	39,869
596,574	596,574	0
0	0	0
-----	-----	-----
\$418,229	\$458,098	\$39,869
=====	=====	=====
		(continued)

**Buckeye Joint Vocational School District  
 Combined Statement of Revenues, Expenses and  
 Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual  
 All Proprietary Fund Types (continued)  
 For the Fiscal Year Ended June 30, 1999**

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$270,782	\$271,943	\$1,161
Charges for Services	871,555	911,400	39,845
Operating Grants	38,400	40,648	2,248
Interest	7,900	8,733	833
	1,188,637	1,232,724	44,087
<u>Expenses:</u>			
Salaries	\$95,843	\$95,835	8
Fringe Benefits	970,161	969,897	264
Purchased Services	133,430	133,426	4
Materials and Supplies	174,794	173,240	1,554
	1,374,228	1,372,398	1,830
Excess of Revenues Over (Under) Expenses	(185,591)	(139,674)	45,917
Fund Equity Beginning of Year	678,883	678,883	0
Prior Year Encumbrances Appropriated	795	795	0
Fund Equity End of Year	\$494,087	\$540,004	\$45,917

See accompanying notes to the general purpose financial statements

**Buckeye Joint Vocational School District  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 1999**

	Enterprise	Internal Service	Totals (Memorandum Only)
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
<u>Cash Flows Provided by (Used for) Operating Activities:</u>			
Cash Received from Customers	\$271,943	\$0	\$271,943
Cash Received from Quasi-External Transactions with Other Funds	0	911,400	911,400
Cash Payments to Suppliers for Goods and Services	(172,286)	(133,426)	(305,712)
Cash Payments to Employees for Services	(95,835)	0	(95,835)
Cash Payments for Employee Benefits	(45,528)	0	(45,528)
Cash Payments for Claims	0	(924,369)	(924,369)
Net Cash Used for Operating Activities	(41,706)	(146,395)	(188,101)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	40,648	0	40,648
<u>Cash Flows from Investing Activities:</u>			
Interest on Investments	814	8,409	9,223
Net Decrease in Cash and Cash Equivalents	(244)	(137,986)	(138,230)
Cash and Cash Equivalents Beginning of Year	83,104	596,574	679,678
Cash and Cash Equivalents End of Year	\$82,860	\$458,588	\$541,448

(continued)

**Buckeye Joint Vocational School District  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 1999**

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
-----			
Operating Loss	(\$67,965)	(\$119,297)	(\$187,262)
-----			
Adjustments:			
-----			
Depreciation	5,605	0	5,605
Donated Commodities Used During Year	21,091	0	21,091
(Increase)/Decrease in Assets:			
Accounts Receivable	1,118	89	1,207
Inventory Held for Resale	(1,623)	0	(1,623)
Materials and Supplies Inventory	(111)	0	(111)
Increase/ (Decrease) in Liabilities:			
Accounts Payable	(53)	0	(53)
Accrued Wages	349	0	349
Intergovernmental Payable	(117)	0	(117)
Claims Payable	0	(27,187)	(27,187)
-----			
Total Adjustments	26,259	(27,098)	(839)
-----			
Net Cash Used for Operating Activities	(\$41,706)	(\$146,395)	(\$188,101)
=====			

**Noncash Capital Financing Activities**

During fiscal year 1999, fixed assets were donated to the enterprise funds by the general fund in the amount of \$5,773.

See accompanying notes to the general purpose financial statements

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The first official body designated as the Buckeye Joint Vocational Board of Education was formed on June 30, 1970. Buckeye Joint Vocational School District (School District) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and 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. A vocational school exposes students to job training leading to employment upon graduation from high school. The School District includes eleven member schools spread throughout Carroll, Coshocton, Guernsey, Harrison, Holmes, Stark, Tuscarawas and Wayne counties.

The School District is a jointly governed organization operating under an eleven member board representing the member school districts. The School District provides educational services as authorized and mandated by State or federal agencies.

Reporting Entity

A reporting entity is comprised of the stand-alone government, component units and other organizations that are included to insure that the financial statements of the School District are not misleading. The stand-alone government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Buckeye Joint Vocational School District, this includes general operations, food service, preschool and student related activities of the School District.

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

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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The School District is associated with the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 18.

The School District is associated with the Ohio School Boards Association Workers' Compensation Group Rating Plan, which is defined as an insurance purchasing pool. Additional information concerning the insurance purchasing pool is presented in Note 19.

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

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

A. Basis of Presentation - Fund Accounting

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special 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.

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

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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Governmental Fund Types

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

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

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

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

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

Proprietary Fund Types

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

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



BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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Internal Service Fund - This fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

Fiduciary Fund Types

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

Account Groups

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

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

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

B. Measurement Focus and Basis of Accounting

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

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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

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

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized when they are incurred. There are no unbilled service charges

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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receivable at year end. The fair value of donated commodities unused during the fiscal year is reported in the operating statement as an expense with a like amount reported as federal donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources and the Appropriations Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget

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

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

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding fiscal year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final amended Certificate issued during fiscal year 1999.

Appropriations

Upon receipt from the County Auditor of an amended Certificate of Estimated Resources based on final assessed values and tax rates or a Certificate saying no new Certificate is necessary, the annual appropriations resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The Appropriations Resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the fiscal year, supplemental appropriations were legally enacted; however, none of the amendments were significant.

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

Encumbrances

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

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations

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

D. Cash and Cash Equivalents

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

During fiscal year 1999, investments were limited to certificates of deposit, repurchase agreements, and STAROhio. Except for nonparticipating 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.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 1999.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$173,427, which includes \$15,654 assigned from other School District funds.

The School District has a segregated bank account for monies held separate from the School District's central bank accounts. This interest bearing depository account is presented in the combined balance sheet as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the School District treasury.

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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

E. Prepays

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

F. Inventory

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

G. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 23 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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governmental funds, and 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 fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure.

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

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

I. 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 School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program  
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Career Development  
Adult Education  
Adult Education Full Service

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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Adult Basic Education  
Vocational Education  
Title VI Block Grant  
Educational Management Information System  
FCC - E-rate

Reimbursable Grants

Enterprise Funds

National School Lunch Program  
Government Donated Commodities

Grants and entitlements amounted to fifty-four percent of the School District's governmental funds' revenue during the 1999 fiscal year.

J. Interfund Assets and Liabilities

Short-term interfund loans are classified as "Interfund Receivables/Payables." Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due from Other Funds" or "Due to Other Funds" on the balance sheet.

K. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are eligible to receive termination benefits and those the School District had identified as probable (after twenty-five years of retirement system service) of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.



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

L. Contributed Capital

Contributed capital represents resources provided by other funds, other governments and private sources to the enterprise funds that is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

M. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. In general, amounts paid more than sixty days after fiscal year end are considered not to have been paid with current available financial resources. Capital leases are reported as a liability of the general long-term obligations account group until due.

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

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

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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N. Interfund Transactions

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

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

O. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and are therefore not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, property taxes, textbook and instructional materials, capital improvements, and budget stabilization. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve of budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

P. Estimates

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

Q. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis.

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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 3 - RESTATEMENT OF FUND BALANCES**

For fiscal year 1998, intergovernmental payable was overstated in the general fund, adult education special revenue fund, and adult basic education special revenue fund. Also, accrued interest receivable was overstated in the expendable trust fund. These overstatements had the following effects on the excess of revenues and other financing sources over(under) expenditures and other financing uses:

	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>
Excess as previously reported	\$833,413	\$62,116	\$ 3,620
Overstatement of intergovernmental payable	2,812	4,073	0
Overstatement of accrued interest receivable	<u>0</u>	<u>0</u>	<u>(3,703)</u>
Excess Restated 6/30/98	<u>\$836,225</u>	<u>\$66,189</u>	<u>(\$83)</u>

These overstatements had the following effect on fund balances as previously reported as of June 30, 1998:

	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>
Fund Balance as Previously Reported 6/30 98	\$3,318,355	\$194,343	\$8,892
Overstatement of Intergovernmental Payable	2,812	4,073	0
Overstatement of Accrued Interest Receivable	<u>0</u>	<u>0</u>	<u>(3,703)</u>
Fund Balances Restated 7/1/98	<u>\$3,321,167</u>	<u>\$198,416</u>	<u>\$5,189</u>

For fiscal year 1998, the general long-term liabilities increased from \$421,523 to \$428,408.

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**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budgetary basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budgetary basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund types (GAAP basis).
4. Unrecorded cash represents amounts received but not included as revenue on the budgetary basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.
5. Principal and interest payment on notes and the corresponding revenues are reported in a debt service fund (budgetary basis) rather than in the fund that received the proceeds (GAAP basis).

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	\$ 700,837	\$ 1,358	\$ 0	(\$17,622)	(\$386)
Net Adjustment for Revenue Accruals	188,873	13,510	0	19,735	0
Transfers for Debt	(49,992)	0	84,643	(34,651)	0
Unrecorded Cash	(12,014)	0	0	0	0
Advances In	62,634	68,532	0	0	0
Net Adjustment for Expenditure Accruals	66,591	7,434	0	93,561	200
Debt Service:					
Principal	40,045	0	(74,696)	0	0
Interest	9,947	0	(9,947)	0	0
Advances Out	(68,532)	(62,634)	0	0	0
Encumbrances	<u>(155,581)</u>	<u>(44,982)</u>	<u>0</u>	<u>(212,436)</u>	<u>0</u>
Budgetary Basis	<u>\$782,808</u>	<u>(\$16,782)</u>	<u>\$0</u>	<u>(\$151,413)</u>	<u>(\$186)</u>

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	Net Loss/Excess of Revenues Over Expenses All Proprietary Fund Types	
	<u>Enterprise</u>	<u>Internal Service</u>
GAAP Basis	(\$5,412)	(\$111,988)
Net Adjustment for Revenue Accruals	1,118	1,189
Unrecorded Cash Net Adjustment for Expense Accruals	0 (1,555)	(490) (27,187)
Depreciation Expense	5,605	0
Adjustment for Encumbrances	<u>(954)</u>	<u>0</u>
Budgetary Basis	<u>(\$1,198)</u>	<u>(\$138,476)</u>

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either

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be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim money. 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 deposits maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

Interim monies 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 term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

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5. No-load money mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held 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.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements."

#### Deposits

At fiscal year-end, the carrying amount of the School District's deposits was \$2,085,863 and the bank balances were \$2,792,478. Of the bank balance:

1. \$264,616 was covered by federal depository insurance.
2. \$2,527,862 was uninsured and uncollateralized although the collateral for the securities was held by the pledging financial institutions' trust department in the School District's name and all statutory requirements for the deposit of money had been followed, non-compliance with all



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Federal requirements would potentially subject the money held in the School District's name to a successful claim by the FDIC.

Investments

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

	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Repurchase Agreement	\$ 591,774	\$ 591,774	\$ 591,774
STAROhio		<u>2,500,000</u>	<u>2,500,000</u>
 Total Investments		 <u>\$3,091,774</u>	 <u>\$3,091,774</u>

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$5,177,637	\$ -0-
Investments which are part of a cash management pool:		
Repurchase Agreement	(591,774)	591,774
STAROhio	<u>(2,500,000)</u>	<u>2,500,000</u>
GASB Statement No. 3	<u>\$2,085,863</u>	<u>\$3,091,774</u>

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**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distribution occurs during the subsequent fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located within the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are twenty-five percent of true value. All property is required to be revalued every six years.

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

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

The School District receives property taxes from Tuscarawas, Guernsey, Carroll, Harrison, Stark, Holmes, Wayne and Coshocton counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. The amount available to the School District as an advance at June 30, 1999, was \$498,564. \$453,693 was available to the General Fund and \$44,871 was available to the Building Capital Projects Fund.

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The assessed values upon which the fiscal year 1999 taxes are collected are:

	1998 Second- Half Collections		1999 First- Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/ Residential and Other Real Estate	\$1,190,063,150	74.83%	\$1,492,144,670	78.66%
Public Utility Personal	148,782,470	9.35	156,873,010	8.27
Tangible Personal Property	<u>251,556,684</u>	<u>15.82</u>	<u>248,011,620</u>	<u>13.07</u>
Total Assessed Values	<u>\$1,590,402,304</u>	<u>100.00%</u>	<u>\$1,897,029,300</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$2.80		\$2.80	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 1999 consisted of taxes, accounts (tuition, commissions, and customer service), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

General Fund	\$ <u>4,269</u>
Special Revenue Funds	
Vocational Education Plan	55,520
Adult Education	38,940
Career Development	<u>10,012</u>
Total Special Revenue Funds	<u>104,472</u>
Total Intergovernmental Receivables	<u>\$108,741</u>

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**NOTE 8 - FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 1999 follows:

Furniture and Equipment	\$219,154
Accumulated Depreciation	<u>(178,522)</u>
Net Fixed Assets	<u>\$ 40,632</u>

A summary of the changes in general fixed assets during fiscal year 1999 follows:

	Balance <u>7/1/98</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/99</u>
Land and Improvements	\$2,406,848	\$ 185,601	\$25,000	\$2,567,449
Buildings	6,702,064	0	0	6,702,064
Furniture and Equipment	4,386,290	506,472	310,249	4,582,513
Vehicles	366,238	33,500	0	399,738
Construction in Progress	<u>0</u>	<u>102,898</u>	<u>0</u>	<u>102,898</u>
Totals	<u>\$13,861,440</u>	<u>\$ 828,471</u>	<u>\$ 335,249</u>	<u>\$14,354,662</u>

**NOTE 9 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the School District contracted with Indiana Insurance Company for property and general liability insurance. Indiana Insurance Company also covers commercial property, crime, inland marine, and boiler and machinery with a blanket \$20,000,000 insured value and a \$1,000 deductible.

Professional liability is protected by the Nationwide Insurance Company with \$2,000,000 single occurrence and a \$5,000,000 aggregate limit and no deductible. Vehicles are covered by Indiana Insurance Company with comprehensive coverage and a \$250 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability.

Settled claims have not exceeded this commercial coverage in any of the past twenty-three years. There has not been a significant reduction in insurance coverage from the prior fiscal year.

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For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the group 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 Fund" 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 and Company provides administrative, cost control and actuarial services to the GRP.

The School District provides life insurance and accidental death and dismemberment insurance to most employees through OME-RESA Health Benefits Plan in the amount of \$25,000.

The School District has elected to provide employee medical/surgical benefits through a self-insurance program. The School District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a medical/surgical plan with a \$200 family and \$100 single deductible. A third party administrator, Klais & Company, located in Akron, Ohio, reviews all claims which are then paid by the School District. The School District purchases stop-loss coverage of \$35,000 per employee. The School District pays into the self-insurance internal service fund \$504 family coverage and \$213 individual coverage per month which represents the entire premium required. The premium is paid by the fund that pays the salary for the employee and is based on historical cost information. Dental coverage is also provided on a self-insured basis. Premiums for this coverage are \$33 monthly for family coverage and \$13 monthly for single coverage. The School District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document. Vision insurance is also provided at a premium of \$15.75 monthly for family coverage and \$6.39 for single coverage.

The School District also provides prescription drug insurance to its employees through a self-insured program. This plan utilizes an \$8 per prescription deductible for brand name drugs and no deductible for generic drugs. The third party administrator, IPS, Inc. of North Royalton reviews the claims, which are then paid by the School District. The premium for this coverage is \$38 monthly for family coverage and \$15 monthly for single coverage.

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The claims liability of \$63,197 reported in the self-insurance internal service fund at June 30, 1999, is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the School District's third party administrator. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability for fiscal year 1999 were as follows:

	Balance at <u>6/30</u>	Current Year <u>Claims</u>	Claim <u>Payments</u>	Balance at <u>6/30</u>
1998	\$61,758	\$577,522	\$548,896	\$90,384
1999	90,384	897,182	924,369	63,197

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 1999, 7.70 percent was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$73,252, \$85,842, and \$78,703 respectively; 100 percent has been contributed for fiscal years 1999, 1998, and 1997.

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**B. State Teachers Retirement System**

The School District participated in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That 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 School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Prior to July 1, 1998, the portion to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$242,090, \$393,227, and \$396,924, respectively; 100 percent has been contributed for fiscal years 1999, 1998, and 1997.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose social security or SERS/STRS. As of June 30, 1999, eight of the Board of Education members have elected social security. The Board's liability is 6.2 percent of wages paid.

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursements of monthly medicare premiums. Benefit provisions and the obligation 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.

The State Teachers Retirement 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 health care cost in the form of a monthly premium. By Ohio Law, the cost of coverage paid from STRS funds shall be included in

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the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 1999, the Board allocated employer contributions equal to eight percent of covered payroll to the Health Care Reserve Fund. For the School District this amount equaled \$564,876 during 1999.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998 (the latest information available). For the year ended June 30, 1998, (the latest information available) net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more year 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.

At June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the members's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998 (the latest information available), were \$11,900,575 and the target level was \$139.9 million. At June 30, 1998 (the latest information available), SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the School District, the amount to fund health care benefits, including surcharge, equaled \$59,701 during the 1999 fiscal year.

**NOTE 12 - COMPENSATED ABSENCES**

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty days of vacation per year, depending upon length of service. Vacation days are credited to classified employees on September 1 of each year. Vacation cannot be carried forward. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days



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per month. Sick leave may be accumulated to a maximum of 186 days. Upon retirement, payment is made for 28 percent of the total sick leave accumulation, up to a maximum accumulation of 50 days severance pay at the daily rate of the employee.

**NOTE 13 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In prior years, the School District entered into capitalized leases for copiers, a telephone system, and heating and air conditioning equipment. The leases meet the criteria of a capital lease as defined by FASB Statement No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the general purpose financial statements.

Fixed assets acquired by leases have been capitalized in the General Fixed Assets Account Group in the amount of \$249,960, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the General Long-Term Obligations Account Group.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 1999.

<u>Fiscal Year</u> <u>Ending 6/30</u>	<u>Amount</u>
2000	\$ 49,992
2001	49,992
2002	49,992
2003	4,166
Total minimum lease payments	<u>154,142</u>
Less amount representing interest	<u>(14,039)</u>
Present value of minimum lease payments	<u>\$140,103</u>

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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**NOTE 14 - NOTE DEBT**

The School District's note activity, including amounts outstanding and interest rates follow:

	<u>Balance</u> <u>6/30/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/99</u>
Building Capital Projects				
Fund: Energy				
Conservation - 0%	\$115,503	\$0	\$34,651	\$80,852

This note will be repaid with taxes revenue. This note is backed by the full faith and credit of the School District. The note liability is reflected in the Building Capital Projects Fund which received the proceeds.

Principal requirements to retire the outstanding note at June 30, 1999, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>
2000	\$ 34,651
2001	34,651
2002	11,550
Total	<u>\$ 80,852</u>

**NOTE 15 - LONG-TERM OBLIGATIONS**

Changes in long-term obligations of the School District during fiscal year 1999, were as follows:

	<u>Outstanding</u> <u>6/30/98</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding</u> <u>6/30/99</u>
Compensated Absences	\$ 241,375	\$34,738	\$ 36,493	\$ 239,620
Intergovernmental				
Payable	6,885	6,293	6,885	6,293
Capital Leases	180,148	-0-	40,045	140,103
Total General				
Long-Term Obligations	<u>\$428,408</u>	<u>\$41,031</u>	<u>\$83,423</u>	<u>\$386,016</u>

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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Compensated absences will be paid from the fund from which the person is paid. The intergovernmental payable represents contractually required pension contributions made outside the available period and will be paid from the fund from which the employee is paid. The capital lease obligation will be paid from the general fund.

The School District's overall legal debt margin was \$170,732,637 with an unvoted debt margin of \$1,897,029 at June 30, 1999.

**NOTE 16- INTERFUND RECEIVABLES/PAYABLES**

Interfund balances at June 30, 1999, consisted of the following individual fund receivables and payables:

	<u>Receivables</u>	<u>Payables</u>
General Fund	<u>\$68,532</u>	<u>\$ -0-</u>
Special Revenue Funds		
Career Education	-0-	10,012
Adult Vocational Education	-0-	3,000
Vocational Education	<u>-0-</u>	<u>55,520</u>
Total Special Revenue Funds	<u>-0-</u>	<u>68,532</u>
Totals	<u>\$68,532</u>	<u>\$68,532</u>

**NOTE 17 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

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

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating Revenues	\$234,124	\$36,701	\$270,825
Depreciation	5,605	-0-	5,605
Operating Loss	(67,828)	(137)	(67,965)
Donated Commodities	21,091	-0-	21,091
Interest	814	-0-	814
Operating Grants	40,648	-0-	40,648
Net Loss	(5,275)	( 137)	(5,412)
Fixed Asset Deletions	14,920	-0-	14,920
Fixed Asset Additions	5,773	-0-	5,773
Current Capital Contributions	5,773	-0-	5,773
Net Working Capital	43,324	29,220	72,544
Total Assets	105,603	29,220	134,823
Total Liabilities	21,647	-0-	21,647
Total Equity	83,956	29,220	113,176
Encumbrances at June 30, 1999	954	-0-	954

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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**NOTE 18 - JOINTLY GOVERNED ORGANIZATION**

**OHIO MID-EASTERN REGIONAL EDUCATION SERVICE AGENCY (OME-RESA)**

The Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) was created as a regional council of governments pursuant to State statutes. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. OME-RESA provides financial accounting services, educational management information, and cooperative purchasing to member districts. The Jefferson County Educational Service Center serves as fiscal agent and receives funding from the State Department of Education. Buckeye Joint Vocational School District paid \$18,497 to OME-RESA during fiscal year 1999 for services. To obtain financial information write to the Ohio Mid-Eastern Educational Service Agency, Steubenville, Ohio 43952.

**NOTE 19 - INSURANCE PURCHASING POOL**

**OHIO SCHOOL BOARDS ASSOCIATION WORKERS' COMPENSATION GROUP RATING PLAN (PLAN)**

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

**NOTE 20 - STATE SCHOOL FUNDING DECISION**

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 School District. During the fiscal year ended June 30, 1999, the School District received \$3,898,942 of school foundation support for its General Fund, and \$4,370,201 in total (all funds) support.

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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

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

**NOTE 21 - CONTINGENCIES**

A. Grants

The School 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 School District at June 30, 1999.

B. Litigation

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

**NOTE 22 - YEAR 2000 ISSUE**

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the School District's operations.

As of June 30, 1999, the School District has completed an inventory of computer systems and other

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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

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

Tuscarawas County collects property taxes for distribution to the District. Tuscarawas County is responsible for remediating their tax collection systems.

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

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

Tuscarawas County is solely responsible for any costs associated with the tax collection system projects. The State is solely responsible for any costs associated with the Foundation processing and EMIS systems.

**NOTE 23 - SET ASIDES CALCULATIONS AND FUND RESERVES**

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

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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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.

	Textbooks	Capital Acquisition	Budget Stabilization	Totals
Set-aside Cash Balance as of June 30, 1998	\$ -0-	\$ -0-	\$ 39,120	\$ 39,120
Current Year Set-aside Requirement	128,935	128,935	64,468	322,338
Current Year Offsets	-0-	(346,765)	-0-	(346,765)
Current Year Disbursements	<u>(638,801)</u>	<u>-0-</u>	<u>-0-</u>	<u>(638,801)</u>
Total	<u>(\$509,866)</u>	<u>(\$217,830)</u>	<u>\$ 103,588</u>	<u>(\$624,108)</u>
Cash Balance Carried Forward to FY 1999	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 103,588</u>	<u>\$103,588</u>

Although the School 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.



BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed through the Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program	N/A	10 550	\$0	\$22,214	\$0	\$21,091
National School Lunch Program	N/A	10.555	<u>38,049</u>	<u>0</u>	<u>38,049</u>	<u>0</u>
Total U.S. Department of Agriculture - Child Nutrition Cluster			<u>38,049</u>	<u>22,214</u>	<u>38,049</u>	<u>21,091</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed through the Ohio Department of Education:</i>						
Adult Education - State Administered Program	51656-AB-S1-98	84 002	97,652	0	97,652	0
Vocational Education - Basic State Grant	VECP11-S98-101 VECP11-S99-101	84 048	52,839	0	52,839	0
Total Vocational Education - Basic State Grant			<u>314,613</u>	<u>0</u>	<u>314,613</u>	<u>0</u>
			<u>367,452</u>	<u>0</u>	<u>367,452</u>	<u>0</u>
Federal, State and Local Partnership for Education Improvement (Chapter 2 of ESEA)	51656-C2-S1-99	84 151	3,823	0	3,823	0
FCC - E Rate	N/A	84.XXX	<u>3,993</u>	<u>0</u>	<u>3,993</u>	<u>0</u>
Total Passed through Ohio Department of Education			<u>472,920</u>	<u>0</u>	<u>472,920</u>	<u>0</u>
<i>Direct Grant:</i>						
Federal Pell Grant Program	N/A	84 063	79,080	0	79,080	0
			185	0	185	0
Total Federal Pell Grant Program			<u>79,265</u>	<u>0</u>	<u>79,265</u>	<u>0</u>
Total U.S. Department of Education			<u>552,185</u>	<u>0</u>	<u>552,185</u>	<u>0</u>
<b>Total</b>			<u>\$590,234</u>	<u>\$22,214</u>	<u>\$590,234</u>	<u>\$21,091</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS, RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 1999

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

The Schedule of Federal Awards, Receipts and Expenditures (Schedule) is a summary of the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE 2 - FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the Schedule at the 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, 1999, the District had food commodities valued at \$3,955 in inventory.



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

Buckeye Joint Vocational School District  
Tuscarawas County  
545 University Drive  
New Philadelphia, Ohio 44663

To the Board of Education:

We have audited the general purpose financial statements of Buckeye Joint Vocational School District, Tuscarawas County, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 8, 1999. 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*.

**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.

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

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated December 8, 1999.

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



**Jim Petro**  
Auditor of State

December 8, 1999



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

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

Buckeye Joint Vocational School District  
Tuscarawas County  
545 University Drive  
New Philadelphia, Ohio 44663

To the Board of Education:

**Compliance**

We have audited the compliance of Buckeye Joint Vocational School District, Tuscarawas County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

**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.

Buckeye Joint Vocational School District  
Tuscarawas County  
Report of Independent Accountants on Compliance with Requirements  
Applicable to Each Major Federal Program and Internal Control over  
Compliance in Accordance with OMB Circular A-133  
Page 2

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

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



**Jim Petro**  
Auditor of State

December 8, 1999

**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**

JUNE 30, 1999

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Vocational Education Grant - Basic State Grant CFDA #84.048
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**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

