

**BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 1999**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Buckeye Local School District, Jefferson County, (the District) as of and for the year ended June 30, 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 the District, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type 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 January 5, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of expenditures of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. 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.



JIM PETRO
Auditor of State

January 5, 2000

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$544,847	\$286,487	\$900,061	\$50,758
Receivables:				
Property and Other Taxes	7,539,857	0	1,144,397	0
Accounts	0	0	0	0
Intergovernmental	0	20,387	0	0
Materials and Supplies Inventory	81,404	0	0	0
Inventory Held for Resale	0	0	0	0
Prepaid Items	5,594	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	217,009	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$8,388,711	\$306,874	\$2,044,458	\$50,758
Liabilities Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$222,105	\$40,346	\$0	\$0
Accrued Wages and Benefits	647,813	153,635	0	0
Compensated Absences Payable	43,730	0	0	0
Intergovernmental Payable	271,898	39,321	0	0
Deferred Revenue	4,952,315	0	652,925	0
Due to Students	0	0	0	0
Capital Leases Payable	0	0	0	0
Note Payable	0	0	0	0
Early Retirement Incentive Payable	60,000	0	0	0
Energy Conservation Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Long-Term Pension Liability	0	0	0	0
Total Liabilities	6,197,861	233,302	652,925	0
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	105,362	7,924	0	0
Reserved for Inventory	81,404	0	0	0
Reserved for Property Taxes	2,587,542	0	491,472	0
Reserved for Budget Stabilization	161,961	0	0	0
Reserved for Bus Purchase	55,048	0	0	0
Unreserved:				
Undesignated (Deficit)	(800,467)	65,648	900,061	50,758
Total Fund Equity and Other Credits	2,190,850	73,572	1,391,533	50,758
Total Liabilities, Fund Equity and Other Credits	\$8,388,711	\$306,874	\$2,044,458	\$50,758

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

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$127,342	\$74,303	\$0	\$0	\$1,983,798
0	0	0	0	8,684,254
104	0	0	0	104
59,140	0	0	0	79,527
2,008	0	0	0	83,412
7,688	0	0	0	7,688
0	0	0	0	5,594
0	0	0	0	217,009
154,105	0	22,783,731	0	22,937,836
0	0	0	1,391,533	1,391,533
0	0	0	7,336,855	7,336,855
<u>\$350,387</u>	<u>\$74,303</u>	<u>\$22,783,731</u>	<u>\$8,728,388</u>	<u>\$42,727,610</u>
\$14,430	\$0	\$0	\$0	\$276,881
16,431	0	0	0	817,879
20,814	0	0	1,453,229	1,517,773
26,260	0	0	0	337,479
3,195	0	0	0	5,608,435
0	73,303	0	0	73,303
0	0	0	21,203	21,203
0	0	0	25,753	25,753
0	0	0	70,000	130,000
0	0	0	482,800	482,800
0	0	0	6,609,794	6,609,794
0	0	0	65,609	65,609
<u>81,130</u>	<u>73,303</u>	<u>0</u>	<u>8,728,388</u>	<u>15,966,909</u>
0	0	22,783,731	0	22,783,731
327,673	0	0	0	327,673
(58,416)	0	0	0	(58,416)
0	0	0	0	113,286
0	0	0	0	81,404
0	0	0	0	3,079,014
0	0	0	0	161,961
0	0	0	0	55,048
0	1,000	0	0	217,000
<u>269,257</u>	<u>1,000</u>	<u>22,783,731</u>	<u>0</u>	<u>26,760,701</u>
<u>\$350,387</u>	<u>\$74,303</u>	<u>\$22,783,731</u>	<u>\$8,728,388</u>	<u>\$42,727,610</u>

**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 Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Property and Other Taxes	\$6,922,096	\$0	\$1,179,840	\$0	\$0	\$8,101,936
Intergovernmental	5,098,285	1,919,383	106,057	255,462	0	7,379,187
Interest	84,528	0	39	1,973	0	86,540
Tuition and Fees	22,971	8,826	0	0	0	31,797
Extracurricular Activities	140	139,024	0	0	0	139,164
Gifts and Donations	15,910	39,428	0	4,655	1,000	60,993
Rent	450	0	0	0	0	450
Miscellaneous	11,792	4,183	0	0	0	15,975
Total Revenues	12,156,172	2,110,844	1,285,936	262,090	1,000	15,816,042
Expenditures:						
Current:						
Instruction:						
Regular	5,346,581	473,025	0	0	0	5,819,606
Special	954,246	962,942	0	0	0	1,917,188
Vocational	655,350	0	0	0	0	655,350
Other	117,709	0	0	0	0	117,709
Support Services:						
Pupils	60,578	168,246	0	0	0	228,824
Instructional Staff	125,936	222,574	0	0	0	348,510
Board of Education	35,673	0	0	0	0	35,673
Administration	1,232,176	69,426	0	0	0	1,301,602
Fiscal	344,615	10,391	18,473	0	0	373,479
Business	0	53,916	0	0	0	53,916
Operation and Maintenance of Plant	1,449,347	0	0	0	0	1,449,347
Pupil Transportation	1,005,413	2,500	0	0	0	1,007,913
Central	0	0	0	0	0	0
Operation of Non-Instructional Services	0	4,798	0	0	0	4,798
Extracurricular Activities	201,683	134,554	0	0	0	336,237
Capital Outlay	23,931	0	0	354,333	0	378,264
Debt Service:						
Principal Retirement	4,248	0	730,188	0	0	734,416
Interest and Fiscal Charges	1,509	0	364,390	0	0	365,899
Total Expenditures	11,558,995	2,102,372	1,113,031	354,333	0	15,128,731
Excess of Revenues Over (Under) Expenditures	597,177	8,472	172,905	(92,243)	1,000	687,311
Other Financing Sources (Uses):						
Proceeds From Sale of Fixed Assets	1,200	0	0	0	0	1,200
Inception of Capital Lease	23,931	0	0	0	0	23,931
Operating Transfers In	0	0	70,361	7,760	0	78,121
Operating Transfers Out	(59,193)	(18,928)	0	0	0	(78,121)
Total Other Financing Sources (Uses)	(34,062)	(18,928)	70,361	7,760	0	25,131
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	563,115	(10,456)	243,266	(84,483)	1,000	712,442
Fund Balances at Beginning of Year	1,628,018	84,028	1,148,267	135,241	0	2,995,554
Decrease in Reserve for Inventory	(283)	0	0	0	0	(283)
Fund Balances at End of Year	\$2,190,850	\$73,572	\$1,391,533	\$50,758	\$1,000	\$3,707,713

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

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

	<u>General Fund</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Property and Other Taxes	\$6,833,658	\$6,833,658	\$0
Intergovernmental	5,098,285	5,098,285	0
Interest	84,583	84,583	0
Tuition and Fees	22,971	22,971	0
Extracurricular Activities	140	140	0
Gifts and Donations	15,910	15,910	0
Rent	450	450	0
Miscellaneous	11,792	11,792	0
Total Revenues	<u>12,067,789</u>	<u>12,067,789</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	5,598,238	5,580,477	17,761
Special	983,700	983,306	394
Vocational	680,400	674,073	6,327
Other	104,100	104,021	79
Support Services:			
Pupils	89,044	64,464	24,580
Instructional Staff	137,800	127,189	10,611
Board of Education	47,800	39,185	8,615
Administration	1,265,611	1,247,422	18,189
Fiscal	361,050	345,370	15,680
Business	0	0	0
Operation and Maintenance of Plant	1,600,786	1,534,712	66,074
Pupil Transportation	1,117,221	1,099,891	17,330
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	210,805	202,655	8,150
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>12,196,555</u>	<u>12,002,765</u>	<u>193,790</u>
Excess of Revenues Over (Under) Expenditures	<u>(128,766)</u>	<u>65,024</u>	<u>193,790</u>
Other Financing Sources (Uses):			
Proceeds From Sale of Fixed Assets	1,200	1,200	0
Operating Transfers In	0	0	0
Operating Transfers Out	(59,201)	(59,193)	8
Advances In	29,000	29,000	0
Advances Out	0	0	0
Total Other Financing Sources (Uses)	<u>(29,001)</u>	<u>(28,993)</u>	<u>8</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(157,767)</u>	<u>36,031</u>	<u>193,798</u>
Fund Balances at Beginning of Year	456,831	456,831	0
Prior Year Encumbrances Appropriated	<u>141,928</u>	<u>141,928</u>	<u>0</u>
Fund Balances at End of Year	<u>\$440,992</u>	<u>\$634,790</u>	<u>\$193,798</u>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$1,038,415	\$1,038,415	\$0
2,035,485	2,035,485	0	106,057	106,057	0
0	0	0	39	39	0
8,826	8,826	0	0	0	0
139,024	139,024	0	0	0	0
39,428	39,428	0	0	0	0
0	0	0	0	0	0
4,183	4,183	0	0	0	0
<u>2,226,946</u>	<u>2,226,946</u>	<u>0</u>	<u>1,144,511</u>	<u>1,144,511</u>	<u>0</u>
521,337	438,319	83,018	0	0	0
1,071,533	985,775	85,758	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
168,642	168,334	308	0	0	0
244,534	228,598	15,936	0	0	0
0	0	0	0	0	0
89,446	70,568	18,878	0	0	0
13,491	10,391	3,100	19,000	18,473	527
62,951	52,716	10,235	0	0	0
0	0	0	0	0	0
5,000	2,500	2,500	0	0	0
0	0	0	0	0	0
6,012	3,212	2,800	0	0	0
147,467	136,782	10,685	0	0	0
0	0	0	0	0	0
0	0	0	730,168	730,168	0
0	0	0	361,986	364,390	17,596
<u>2,330,413</u>	<u>2,097,195</u>	<u>233,218</u>	<u>1,131,154</u>	<u>1,113,031</u>	<u>18,123</u>
<u>(103,467)</u>	<u>129,751</u>	<u>233,218</u>	<u>13,357</u>	<u>31,480</u>	<u>18,123</u>
0	0	0	0	0	0
0	0	0	70,361	70,361	0
(18,928)	(18,928)	0	0	0	0
0	0	0	0	0	0
(29,000)	(29,000)	0	0	0	0
<u>(47,928)</u>	<u>(47,928)</u>	<u>0</u>	<u>70,361</u>	<u>70,361</u>	<u>0</u>
(151,395)	81,823	233,218	83,718	101,841	18,123
188,829	188,829	0	798,220	798,220	0
6,864	6,864	0	0	0	0
<u>\$44,298</u>	<u>\$277,516</u>	<u>\$233,218</u>	<u>\$881,938</u>	<u>\$900,061</u>	<u>\$18,123</u>

(continued)

**Combined Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 1999
(Continued)**

	<u>Capital Projects Fund</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Property and Other Taxes	\$0	\$0	\$0
Intergovernmental	255,462	255,462	0
Interest	1,973	1,973	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	4,655	4,655	0
Rent	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>262,090</u>	<u>262,090</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	272,644	249,096	23,548
Special	0	0	0
Vocational	5,353	5,353	0
Other	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	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	45,522	44,522	1,000
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	55,362	55,362	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>378,881</u>	<u>354,333</u>	<u>24,548</u>
Excess of Revenues Over (Under) Expenditures	<u>(116,791)</u>	<u>(92,243)</u>	<u>24,548</u>
Other Financing Sources (Uses):			
Proceeds From Sale of Fixed Assets	0	0	0
Operating Transfers In	7,760	7,760	0
Operating Transfers Out	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Total Other Financing Sources (Uses)	<u>7,760</u>	<u>7,760</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(109,031)</u>	<u>(84,483)</u>	<u>24,548</u>
Fund Balances at Beginning of Year	44,367	44,367	0
Prior Year Encumbrances Appropriated	<u>90,872</u>	<u>90,872</u>	<u>0</u>
Fund Balances at End of Year	<u>\$26,208</u>	<u>\$50,756</u>	<u>\$24,548</u>

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

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$7,872,073	\$7,872,073	\$0
0	0	0	7,495,289	7,495,289	0
0	0	0	86,595	86,595	0
0	0	0	31,797	31,797	0
0	0	0	139,164	139,164	0
1,000	1,000	0	60,993	60,993	0
0	0	0	450	450	0
0	0	0	15,975	15,975	0
<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>15,702,336</u>	<u>15,702,336</u>	<u>0</u>
0	0	0	6,392,219	6,267,892	124,327
0	0	0	2,055,233	1,969,081	86,152
0	0	0	685,753	679,426	6,327
0	0	0	104,100	104,021	79
0	0	0	257,686	232,798	24,888
0	0	0	382,334	355,787	26,547
0	0	0	47,800	39,185	8,615
0	0	0	1,355,057	1,317,990	37,067
0	0	0	393,541	374,234	19,307
0	0	0	62,951	52,716	10,235
0	0	0	1,646,308	1,579,234	67,074
0	0	0	1,122,221	1,102,391	19,830
0	0	0	0	0	0
0	0	0	6,012	3,212	2,800
0	0	0	358,272	339,437	18,835
0	0	0	55,362	55,362	0
0	0	0	730,168	730,168	0
0	0	0	381,986	364,390	17,596
<u>0</u>	<u>0</u>	<u>0</u>	<u>16,037,003</u>	<u>15,567,324</u>	<u>469,679</u>
<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>(334,667)</u>	<u>135,012</u>	<u>469,679</u>
0	0	0	1,200	1,200	0
0	0	0	78,121	78,121	0
0	0	0	(78,129)	(78,121)	8
0	0	0	29,000	29,000	0
0	0	0	(29,000)	(29,000)	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,192</u>	<u>1,200</u>	<u>8</u>
1,000	1,000	0	(333,475)	136,212	469,687
0	0	0	1,488,247	1,488,247	0
0	0	0	239,664	239,664	0
<u>\$1,000</u>	<u>\$1,000</u>	<u>\$0</u>	<u>\$1,394,436</u>	<u>\$1,864,123</u>	<u>\$469,687</u>

**Combined Statement of Revenues,
Expenses and Changes in Fund Equity
Proprietary Fund Type
For the Fiscal Year Ended June 30, 1999**

	Enterprise
Operating Revenues:	
Sales	\$357,936
Total Revenues	357,936
Operating Expenses:	
Salaries and Wages	215,756
Fringe Benefits	114,436
Purchased Services	10,957
Materials and Supplies	95,055
Cost of Sales	367,692
Depreciation	14,716
Total Operating Expenses	818,612
Operating Loss	(460,676)
Non-Operating Revenues :	
Federal Donated Commodities	30,626
Interest	1,129
Operating Grants	449,468
Total Non-Operating Revenues	481,223
Net Income	20,547
Retained Earnings (Deficit) at Beginning of Year	(78,963)
Retained Earnings (Deficit) at End of Year	(58,416)
Contributed Capital at Beginning and End of Year	327,673
Total Fund Equity at End of Year	\$269,257

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

**Combined Statement of Revenues, Expenses and Changes in
Fund Equity - Budget and Actual (Budget Basis)
Proprietary Fund Type
For the Fiscal Year Ended June 30, 1999**

	<u>Enterprise Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Sales	\$357,832	\$357,832	\$0
Interest Income	1,129	1,129	0
Operating Grants	443,791	443,791	0
Total Revenues	<u>802,752</u>	<u>802,752</u>	<u>0</u>
Expenses:			
Salaries and Wages	214,000	212,052	1,948
Fringe Benefits	120,000	116,955	3,045
Purchased Services	12,000	10,957	1,043
Materials and Supplies	446,700	434,333	12,367
Capital Outlay	40,000	23,414	16,586
Total Expenses	<u>832,700</u>	<u>797,711</u>	<u>34,989</u>
Excess of Revenues Over (Under) Expenses	<u>(29,948)</u>	<u>5,041</u>	<u>34,989</u>
Fund Equity at Beginning of Year	118,518	118,518	0
Prior Year Encumbrances Appropriated	<u>3,708</u>	<u>3,708</u>	<u>0</u>
Fund Equity at End of Year	<u>\$92,278</u>	<u>\$127,267</u>	<u>\$34,989</u>

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

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

	Enterprise
Increase (Decrease) in Cash and Cash Equivalents:	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$357,832
Cash Payments for Goods and Services	(445,215)
Cash Payments for Employee Services	(212,052)
Cash Payments for Employee Benefits	(116,955)
	(416,390)
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Grants Received	443,791
	443,791
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Payments for Capital Aquisitions	(23,414)
	(23,414)
<u>Cash Flows from Investing Activities:</u>	
Receipts of Interest	1,129
	1,129
Net Increase in Cash and Cash Equivalents	5,116
Cash and Cash Equivalents at Beginning of Year	122,226
Cash and Cash Equivalents at End of Year	\$127,342
Reconciliation of Operating Loss to	
<u>Net Cash Used by Operating Activities:</u>	
Operating Loss	(\$460,676)
Adjustments to Reconcile Operating Loss to	
<u>Net Cash Used by Operating Activities:</u>	
Donated Commodities Used During Year	30,626
Depreciation	14,716
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(104)
Decrease in Inventory Held for Resale	101
Decrease in Materials and Supply Inventory	184
Increase in Accounts Payable	1,348
Decrease in Accrued Wages Payable	(702)
Decrease in Deferred Revenue	(120)
Increase in Compensated Absences Payable	4,406
Decrease in Intergovernmental Payable	(6,169)
	44,286
Total Adjustments	44,286
Net Cash Used by Operating Activities	(\$416,390)

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was created by the consolidation in 1965 of Adena, Dillonville, Mount Pleasant, Brilliant, Smithfield and Yorkville Local School Districts, and by a merger with the Warren Consolidated School District in 1966. The School District serves an area of approximately 136 square miles encompassing most of the southern half of Jefferson County, extending west into Harrison County and south into Belmont County. It is staffed by 102 non-certificated employees, 187 certificated full-time teaching personnel, and 10 administrative employees who provide services to 2,736 students and other community members. The School District currently operates 7 instructional buildings, 1 administrative building, and 1 garage.

Reporting Entity:

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

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

The School District is associated with two jointly governed organizations, the Ohio Mid-Eastern Educational Service Agency and the Jefferson County Joint Vocational School, and one purchasing pool, the Ohio School Bus Purchasing Pooled Financing Program. These organizations are presented in Notes 16 and 17 to the general purpose financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting

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

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

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

1. Governmental Fund Types:

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

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Funds

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Proprietary Fund Type:

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

Enterprise Fund

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

3. Fiduciary Fund Type:

Fiduciary fund types are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include an expendable trust fund and an agency fund. Expendable trust funds are 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.

4. Account Groups:

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

General Fixed Assets Account Group

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

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

B. Measurement Focus and Basis of Accounting

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The modified accrual basis of accounting is followed for the governmental and agency funds. 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 fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available as an advance, 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 type. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Tax Budget:

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

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

2. Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999. At year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year.

3. Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution 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 appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within 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 year, several supplemental appropriations were legally enacted. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Encumbrances:

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

5. Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 1999, investments were limited to STAR Ohio.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited during fiscal year 1999 to the general, permanent improvement, debt service and food service funds amounted to \$84,528, \$1,973, \$39 and \$1,129 respectively.

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

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses and amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 19 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

F. Estimates

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

G. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption.

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

H. Prepaid Items

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

I. Fixed Assets and Depreciation

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

J. Intergovernmental Revenues

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

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

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

- Phonics Demonstration
- Dwight D. Eisenhower
- Education Management Information Systems
- Public School Preschool
- Disadvantaged Pupil Impact Aid
- Title I
- Title VI
- Textbook Subsidy
- Technology Equity
- Title VI-B
- Drug-Free Schools
- Goals 2000 Intervention
- Professional Development Block Grant

Capital Projects Funds

- School Net
- School Net Plus

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reimbursable Grants

General Fund

Driver Education

Special Revenue Fund

E-Rate

Proprietary Funds

National School Lunch Program

National School Breakfast Program

Government Donated Commodities

Grants and entitlements amounted to approximately forty-seven percent of the School District's operating revenue during the 1999 fiscal year.

K. Interfund Assets/Liabilities

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

L. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future.

The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

The School District records a liability for accumulated unused sick leave for all employees after four years of current service with the School District.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

P. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated.

Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. There was no change in contributed capital during this fiscal year.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Total Columns on General Purpose Financial Statements

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

3. ACCOUNTABILITY

Fund Deficits:

At June 30, 1999, the following funds had deficit fund balances:

	<u>Deficit Fund Balances</u>
Special Revenue Funds:	
Professional Development Block	\$727
Disadvantaged Pupil Impact Aid	\$92,910
Chapter I	\$15,378

The deficit fund balances in the above mentioned Special Revenue Funds was created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

4. BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

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

	General	Special Revenue	Debt Service
GAAP Basis	\$563,115	(\$10,456)	\$243,266
Revenue Accruals	(88,383)	116,102	(141,425)
Expenditure Accruals	(433,742)	14,146	0
Debt Principal	4,248	0	0
Interest and Fiscal Charges	1,509	0	0
Prepaid Items	5,594	0	0
Material and Supplies Inventory	81,404	0	0
Advances	29,000	(29,000)	0
Encumbrances	(126,714)	(8,969)	0
Budget Basis	<u>\$36,031</u>	<u>\$81,823</u>	<u>\$101,841</u>

Net Income/Excess of Revenues Over Expenses
Proprietary Fund Type

	Enterprise
GAAP Basis	\$20,547
Revenue Accrual	(104)
Expense Accrual	(34,062)
Materials and Supplies Inventory	2,008
Operating Grant	(5,677)
Inventory Held for Resale	7,688
Depreciation Expense	14,716
Encumbrances	(75)
Budget Basis	<u>\$5,041</u>

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

5. CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

5. CASH AND CASH EQUIVALENTS (Continued)

7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or 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 were \$649,162 and the bank balance was \$727,680.

1. \$120,467 of the bank balance was covered by federal depository insurance; and
2. \$607,213 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District held to a successful claim by the FDIC.

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counter party's trust department or agent in the School District's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the School District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Carrying Value	Fair Value
STAR Ohio	\$1,551,645	\$1,551,645

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

5. CASH AND CASH EQUIVALENTS (Continued)

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$2,200,807	\$0
Investments:		
STAR Ohio	(1,551,645)	1,551,645
GASB Statement 3	\$649,162	\$1,551,645

6. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in 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. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 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 25 percent of true value. The assessed values upon which the fiscal year 1999 taxes were collected are:

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$102,561,050	39.23%	\$102,947,110	38.54%
Public Utility	141,639,700	54.18%	142,726,750	53.43%
Tangible Personal Property	17,209,180	6.59%	21,448,110	8.03%
Total Assessed Value	\$261,409,930	100.00%	\$267,121,970	100.00%
Tax rate per \$1,000 of assessed valuation	\$31.35		\$31.35	

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

6. PROPERTY TAXES (Continued)

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. 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 Jefferson, Belmont, and Harrison 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 represents delinquent taxes outstanding, the late settlement of personal property taxes and real property, tangible 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 fiscal 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, 1999 was \$3,079,014 and is recognized as revenue. \$2,587,542 was available to the General Fund and \$491,472 was available to the Debt Service Fund. At June 30, 1998, \$2,849,151 was available to the School District. \$2,499,104 was available to the general fund and \$350,047 was available to the debt service fund.

7. RECEIVABLES

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

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
Special Revenue Funds:	
Title IVB	\$16,683
E-Rate	3,704
Total Special Revenue Funds	<u>20,387</u>
Enterprise Fund:	
Food Service	59,140
Total Enterprise Fund	<u>59,140</u>
Total Intergovernmental Receivables	<u><u>\$79,527</u></u>

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

8. FIXED ASSETS

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

Furniture and Equipment	\$416,827
Less Accumulated Depreciation	<u>(262,722)</u>
Net Fixed Assets	<u>\$154,105</u>

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

Asset Category	Balance at 6/30/98	Additions	Deletions	Balance at 6/30/99
Land and Improvements	\$880,409	\$82,667	\$0	\$963,076
Buildings and Improvements	16,124,386	1,095	0	16,125,481
Furniture, Fixtures and Equipment	2,999,820	326,030	0	3,325,850
Textbooks	936,383	0	0	936,383
Vehicles	1,412,720	81,041	60,820	1,432,941
	<u>\$22,353,718</u>	<u>\$490,833</u>	<u>\$60,820</u>	<u>\$22,783,731</u>
Totals	<u>\$22,353,718</u>	<u>\$490,833</u>	<u>\$60,820</u>	<u>\$22,783,731</u>

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 Nationwide Insurance for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Nationwide Insurance are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$39,642,379
Inland Marine Coverage (\$100 deductible)	314,874
Boiler and Machinery (\$1,000 deductible)	No limit
Crime Insurance	1,000
Automotive Liability (\$500 deductible)	1,000,000
Uninsured Motorist (\$500 deductible)	1,000,000
General Liability:	
Per Occurrence	1,000,000
Total per Year	1,000,000

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

9. RISK MANAGEMENT (Continued)

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

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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$174,163, \$156,042, and \$189,347, respectively; 57.37 percent has been contributed for fiscal year 1999 and 100 percent has been contributed for the fiscal years 1998 and 1997. \$74,243 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used 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 required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were 371,053, \$728,207, and \$810,516, respectively; 80.58 percent has been contributed for fiscal year 1999 and 100 percent has been contributed for the fiscal years 1998 and 1997. \$72,051 represents

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

10. DEFINED BENEFIT PENSION PLANS (Continued)

the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds.

C. Social Security System

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

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 non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the 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.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$494,738 during fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. For the year ended June 30, 1998, 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 fiscal years of qualifying service credit, and 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.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.3 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 member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, during the 1999 year equaled \$182,369.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

11. POSTEMPLOYMENT BENEFITS (Continued)

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provided 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 for the fiscal year ended June 30, 1998, (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, 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.

12 OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 39 days for classified employees and 52 ½ days for certified employees.

B. Health/Life Insurance

The School District provides health, prescription, dental, and major medical insurance for all eligible employees by contracting with Medical Mutual of Ohio and with the Health Plan. Coverage through Medical Mutual of Ohio includes major medical, prescription, and dental. Coverage through the Health Plan only covers medical. Therefore, employees who are covered by the Health Plan must also contract with Medical Mutual of Ohio for dental coverage. The School District pays monthly premiums through Medical Mutual of Ohio of up to \$582.03 for family coverage and up to \$231.69 for individual coverage; through the Health Plan, the School District pays up to \$334.27 for family medical coverage and up to \$133.71 for individual medical coverage, and up to \$37.25 for family dental coverage and up to \$13.78 for individual dental coverage.

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

13. CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the School District has entered into capitalized leases for equipment and furniture and fixtures.

The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

13. CAPITAL LEASES - LESSEE DISCLOSURE (Continued)

Fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$23,931, which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 1999 totaled \$4,248 in the governmental funds.

Future minimum lease payments through 2004 are as follows:

<u>Year</u>	<u>Amount</u>
2000	\$5,997
2001	5,999
2002	5,999
2003	5,999
2004	<u>1,806</u>
Total	25,800
Less: Amount Representing Interest	<u>(4,597)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$21,203</u></u>

14. LONG - TERM OBLIGATIONS

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

	<u>Principal Outstanding 6/30/98</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/99</u>
School Improvement				
Bond 1993 5.625%	\$7,034,794	\$0	\$600,000	\$6,434,794
School Bus				
Bond 1997 5.20-5.50%	213,000	0	38,000	175,000
Modular Building				
Loan 1998 5.25%	42,921	0	17,168	25,753
Energy Conservation				
Loan 1996 5.25%	<u>557,800</u>	<u>0</u>	<u>75,000</u>	<u>482,800</u>
Total Long-Term Bonds and Loans	<u>7,848,515</u>	<u>0</u>	<u>730,168</u>	<u>7,118,347</u>
Capital Leases	1,520	23,931	4,248	21,203
Early Retirement Incentive	100,000	30,000	60,000	70,000
Pension Obligation	175,080	65,609	175,080	65,609
Compensated Absences	<u>1,336,341</u>	<u>760,651</u>	<u>643,763</u>	<u>1,453,229</u>
Total General Long-Term Obligations	<u><u>\$9,461,456</u></u>	<u><u>\$880,191</u></u>	<u><u>\$1,613,259</u></u>	<u><u>\$8,728,388</u></u>

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

14. LONG - TERM OBLIGATIONS (Continued)

On June 1, 1993, the School District defeased two school improvement bond issues by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. On June 30, 1999, \$7,985,000 of bonds outstanding are considered defeased.

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

Buckeye Local School Bus General Obligation Bonds - On June 1, 1997, Buckeye Local School District issued \$250,000 in unvoted general obligation bonds for the purpose of purchasing school buses. The bonds were issued for a six year period with final maturity at April 15, 2003. The bonds will be retired from the debt service fund with revenue from grants for the acquisition of buses received from the State of Ohio transferred from the general fund.

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

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

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

The School District's voted legal debt margin was \$7,159,855 with an unvoted debt margin of \$528,532 at June 30, 1999.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 1999 are as follows:

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

14. LONG - TERM OBLIGATIONS (Continued)

Fiscal year Ending June 30, 1999	Principal	Interest	Total
2000	757,168	329,283	1,086,451
2001	780,585	291,936	1,072,521
2002	805,000	252,841	1,057,841
2003	843,000	513,058	1,356,058
2004	227,306	800,765	1,028,071
2005-2008	1,285,288	3,166,707	4,451,995
2009-2013	2,420,000	202,500	2,622,500
Total	<u>\$7,118,347</u>	<u>\$5,557,090</u>	<u>\$12,675,437</u>

15. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$326,662	\$31,274	\$357,936
Operating Expenses less Depreciation	776,096	27,800	803,896
Depreciation Expense	14,716	0	14,716
Operating Income (Loss)	(464,150)	3,474	(460,676)
Donated Commodities	30,626	0	30,626
Operating Grants	449,468	0	449,468
Interest	1,129	0	1,129
Net Income	17,073	3,474	20,547
Fixed Asset Additions	23,414	0	23,414
Net Working Capital	97,158	0	97,158
Total Assets	332,393	17,994	350,387
Total Equity	251,263	17,994	269,257
Encumbrances Outstanding at June 30, 1999	\$75	\$0	\$75

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

16. JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Educational Service Agency - The School District is a participant in the Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) which is a computer consortium. OME-RESA is an association of public school districts within the boundaries of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of OME-RESA is selected by the member districts. OME-RESA possesses its own budgeting, appropriating, contracting and designating management. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

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

17. BUS PURCHASING POOL

Ohio School Bus Purchasing Pooled Financing Program - The Program is a statewide, uniform financing structure created by the Ohio Association of School Business Officials and Seasongood and Mayer to permit the financing of school bus purchases over a two to ten year repayment period. The program trustee acts as the issuer accepting loans from the 21 participating school districts, which in turn aggregate to form a single bond issue.

18. SCHOOL FUNDING COURT 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 the School District. During the fiscal year ended June 30, 1999, the School District received \$4,669,584 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 1999, the School District had not received any funding under this program.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

18. SCHOOL FUNDING COURT DECISION (Continued)

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of the date of this report, 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.

19. SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute to annually set aside an amount based on prior year revenues for the purchase of textbooks and other instructional materials and an additional amount for capital improvements. Amounts not spent by year-end or offset by similarly restricted resources 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 the budget stabilization.

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$161,961	
Current Year Set-aside Requirement	177,947	177,947	0	
Current Year Offsets	(36,390)	0	0	
Qualifying Disbursements	(154,548)	(180,000)	0	
Total	<u>(\$12,991)</u>	<u>(\$2,053)</u>	<u>\$161,961</u>	
Cash Balance Carried Forward to FY 1999	<u>0</u>	<u>0</u>	<u>161,961</u>	
Amount restricted for Budget Stabilization				161,961
Amount restricted for Bus Purchase				<u>\$55,048</u>
Total Restricted Assets				<u>\$217,009</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.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

20. YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations. Buckeye Local School District has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are 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 has seven school buildings with power systems which have extensive efficiency utilization measures within the systems.

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

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and federal and state grant 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.

Jefferson County collects property taxes for distribution to the District. Jefferson County is responsible for remediating its tax collection system.

To the best of management's knowledge and belief, as of January 5, 2000, the District experienced no interruption of operations or services related to the Year 2000 issue. However, because of the unprecedented nature of the Year 2000 issue, matters may yet arise, and parties with whom the District does business may also experience Year 2000 readiness issues that are as yet, unknown.

21. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

B. Litigation

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

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	D3-PU-99	10.550	\$0	\$29,877	\$0	\$30,747
National School Lunch Program	04-PU-99	10.555	298,984	0	298,984	0
National School Breakfast Program	05-PU-99	10.553	112,492	0	112,492	0
Total U.S. Department of Agriculture - Nutrition Cluster			<u>411,476</u>	<u>29,877</u>	<u>411,476</u>	<u>30,747</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States						
Title VI-B Flow Through	6B-SF-98	84.027	0	0	17,281	0
	6B-SF-99		163,501	0	163,501	0
Special Education - Preschool Grant	PG-S1-98	84.173	0	0	15,247	0
			<u>20,280</u>	<u>0</u>	<u>15,075</u>	<u>0</u>
Total Special Education Cluster			<u>183,781</u>	<u>0</u>	<u>211,104</u>	<u>0</u>
Goals 2000 Grant						
	G2-S1-97C	84.276	0	0	6,778	0
	G2-S1-99		15,000	0	333	0
Total Goals 2000 Grant			<u>15,000</u>	<u>0</u>	<u>7,111</u>	<u>0</u>
Grants to Local Educational Agencies (ESEA Title I)						
	C1-S1-98	84.010	71,260	0	94,197	0
	C1-S1-98C		2,512	0	2,512	0
	C1-S1-99		715,298	0	636,038	0
Total Title I			<u>789,070</u>	<u>0</u>	<u>732,747</u>	<u>0</u>
Innovative Educational Program Strategies						
	C2-S1-98	84.298	0	0	10,693	0
	C2-S1-99		13,676	0	5,839	0
Total Innovative Educational Programs			<u>13,676</u>	<u>0</u>	<u>16,532</u>	<u>0</u>
Drug-Free Schools Grant						
	DR-S1-98	84.186	0	0	2,839	0
	DR-S1-99		13,948	0	11,482	0
Total Drug Free School Grant			<u>13,948</u>	<u>0</u>	<u>14,321</u>	<u>0</u>
Title II - Dwight D. Eisenhower Program						
	MS-S1-97C	84.281	0	0	2,547	0
	MS-S1-98		0	0	1,124	0
	MS-S1-98C		0	0	5,220	0
	MS-S1-99		19,425	0	1,401	0
Total Title II			<u>19,425</u>	<u>0</u>	<u>10,292</u>	<u>0</u>
E-Rate Grant						
	n/a	84.XXX	26,437	0	1,416	0
Total Department of Education			<u>1,063,337</u>	<u>0</u>	<u>993,523</u>	<u>0</u>
Total Federal Financial Assistance			<u>\$1,474,813</u>	<u>\$29,877</u>	<u>\$1,404,999</u>	<u>\$30,747</u>

The notes to the Federal schedule of awards receipts and expenditures are an integral part of this schedule.

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.



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

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

To the Board of Education:

We have audited the financial statements of Buckeye Local School District as of and for the year ended June 30, 1999, and have issued our report thereon dated January 5, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

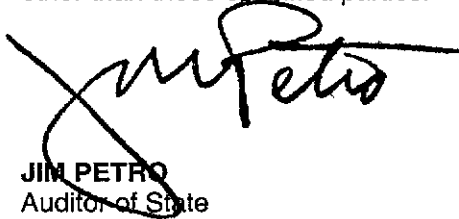
As part of obtaining reasonable assurance about whether Buckeye Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance which we have reported to management of Buckeye Local School District in a separate letter dated January 5, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Buckeye Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted one matter involving the internal control over financial reporting, which we have reported to management of the District in a separate letter dated January 5, 2000.

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

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

A handwritten signature in black ink, appearing to read "Jim Petro", is written over the printed name and title.

JIM PETRO
Auditor of State

January 5, 2000



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

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

To the Board of Education:

Compliance

We have audited the compliance of Buckeye Local School District, Jefferson 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 programs for the year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 programs 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.

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, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", is written over a large, stylized "X" mark.

JIM PETRO
Auditor of State

January 5, 2000

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

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 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): Title I	CFDA#84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs:	A->\$300,000 B-ALL REMAINING PROGRAMS
(d)(1)(ix)	Low Risk Auditee?	YES

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
(Continued)

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

<i>Finding Number</i>	
NONE	

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

<i>Finding Number</i>	
NONE	



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**BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

CLERK'S CERTIFICATION

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

By: _____

Susan Babbitt

Clerk of the Bureau

Date: _____

JAN 27 2000