



**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT  
DELAWARE COUNTY**

**SINGLE AUDIT**

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



**JIM PETRO  
AUDITOR OF STATE**

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STATE OF OHIO



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## REPORT OF INDEPENDENT ACCOUNTANTS

Buckeye Valley Local School District  
Delaware County  
679 Coover Road  
Delaware, Ohio 43015

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Buckeye Valley Local School District, Delaware County, Ohio, (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 Buckeye Valley Local School District, Delaware County, Ohio, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund 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 February 25, 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 federal awards receipts and expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

**JIM PETRO**  
Auditor of State

February 25, 2000



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**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 1999**

	<u>Governmental Fund Types</u>				<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Assets and Other Debits:</u>									
<u>Assets:</u>									
Equity in Pooled Cash and Cash Equivalents	\$445,539	\$157,140	\$189,494	\$215,986	\$68,799	\$148,447	\$0	\$0	\$1,225,405
Receivables:									
Property Taxes	4,531,937	0	1,018,778	303,829	0	0	0	0	5,854,544
Income Taxes	922,139	0	0	0	0	0	0	0	922,139
Accounts	1,036	635	0	750	24,683	500	0	0	27,604
Intergovernmental	1,140	36,126	0	0	11,608	0	0	0	48,874
Interfund	32,002	0	0	0	0	0	0	0	32,002
Prepaid Items	17,646	0	0	0	467	0	0	0	18,113
Inventory Held for Resale	0	0	0	0	14,896	0	0	0	14,896
Materials and Supplies Inventory	17,683	0	0	0	401	0	0	0	18,084
Restricted Assets:									
Equity in Pooled Cash and Cash Equivalents	291,746	0	0	0	0	0	0	0	291,746
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0	298,704	0	24,755,477	0	25,054,181
<u>Other Debits:</u>									
Amount Available in Debt Service Fund for Retirement of General Obligation Debt	0	0	0	0	0	0	0	477,196	477,196
Amount to be Provided from General Governmental Resources	0	0	0	0	0	0	0	14,250,608	14,250,608
<b>Total Assets and Other Debits</b>	<b>\$6,260,868</b>	<b>\$193,901</b>	<b>\$1,208,272</b>	<b>\$520,565</b>	<b>\$419,558</b>	<b>\$148,947</b>	<b>\$24,755,477</b>	<b>\$14,727,804</b>	<b>\$48,235,392</b>

(continued)



**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**JUNE 30, 1999**  
(continued)

	<u>Governmental Fund Types</u>				<u>Proprietary</u>	<u>Fiduciary</u>	<u>Account Groups</u>		<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Debt</u> <u>Service</u>	<u>Capital</u> <u>Projects</u>	<u>Enterprise</u>	<u>Trust and</u> <u>Agency</u>	<u>General</u> <u>Fixed</u> <u>Assets</u>	<u>General</u> <u>Long-Term</u> <u>Obligations</u>	
<u>Liabilities, Fund Equity, and Other Credits:</u>									
<u>Liabilities:</u>									
Accounts Payable	\$73,293	\$19,902	\$0	\$6,506	\$2,700	\$0	\$0	\$0	\$102,401
Contracts Payable	0	0	0	1,740	0	0	0	0	1,740
Retainage Payable	0	0	0	34,856	0	0	0	0	34,856
Accrued Wages and Benefits	1,017,333	31,516	0	0	31,948	0	0	0	1,080,797
Compensated Absences Payable	42,060	0	0	0	8,001	0	0	1,215,318	1,265,379
Intergovernmental Payable	225,951	17,157	0	0	21,096	0	0	124,970	389,174
Interfund Payable	0	32,002	0	0	0	0	0	0	32,002
Deferred Revenue	3,381,022	0	731,076	221,180	13,813	0	0	0	4,347,091
Undistributed Monies	0	0	0	0	0	57,875	0	0	57,875
Due to Students	0	0	0	0	0	41,188	0	0	41,188
State Operating Loan Payable	625,935	0	0	0	0	0	0	0	625,935
Capital Leases Payable	0	0	0	0	0	0	0	157,516	157,516
General Obligation Bonds Payable	0	0	0	0	0	0	0	13,230,000	13,230,000
<b>Total Liabilities</b>	<b>5,365,594</b>	<b>100,577</b>	<b>731,076</b>	<b>264,282</b>	<b>77,558</b>	<b>99,063</b>	<b>0</b>	<b>14,727,804</b>	<b>21,365,954</b>
<u>Fund Equity and Other Credits:</u>									
Investment in General Fixed Assets	0	0	0	0	0	0	24,755,477	0	24,755,477
Contributed Capital	0	0	0	0	188,894	0	0	0	188,894
<u>Retained Earnings:</u>									
Unreserved	0	0	0	0	153,106	0	0	0	153,106
<u>Fund Balance:</u>									
Reserved for Property Taxes	1,150,915	0	287,702	82,649	0	0	0	0	1,521,266
Reserved for Inventory	17,683	0	0	0	0	0	0	0	17,683
Reserved for Textbooks	60,032	0	0	0	0	0	0	0	60,032
Reserved for Budget Stabilization	161,928	0	0	0	0	0	0	0	161,928
Reserved for Bus Purchase	69,786	0	0	0	0	0	0	0	69,786
Reserved for Contributions	0	0	0	0	0	25,000	0	0	25,000
Reserved for Encumbrances	68,302	24,265	0	87,440	0	0	0	0	180,007
Unreserved (Deficit)	(633,372)	69,059	189,494	86,194	0	24,884	0	0	(263,741)
<b>Total Fund Equity</b> <b>and Other Credits</b>	<b>895,274</b>	<b>93,324</b>	<b>477,196</b>	<b>256,283</b>	<b>342,000</b>	<b>49,884</b>	<b>24,755,477</b>	<b>0</b>	<b>26,869,438</b>
<b>Total Liabilities, Fund Equity,</b> <b>and Other Credits</b>	<b>\$6,260,868</b>	<b>\$193,901</b>	<b>\$1,208,272</b>	<b>\$520,565</b>	<b>\$419,558</b>	<b>\$148,947</b>	<b>\$24,755,477</b>	<b>\$14,727,804</b>	<b>\$48,235,392</b>

See Accompanying Notes to the General Purpose Financial Statements

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Expendable Trust		
<b>Revenues:</b>						
Property Taxes	\$4,732,696	\$0	\$1,169,652	\$335,957	\$0	\$6,238,305
Income Taxes	2,340,162	0	0	0	0	2,340,162
Intergovernmental	5,898,503	306,963	119,168	264,216	0	6,588,850
Interest	105,862	0	20,055	8,140	1,257	135,314
Tuition and Fees	2,490	148,947	0	0	0	151,437
Rent	0	11,082	0	0	0	11,082
Extracurricular Activities	34,926	78,282	0	612	0	113,820
Gifts and Donations	0	5,467	0	3,500	0	8,967
Miscellaneous	94,230	30,121	0	1,500	0	125,851
Total Revenues	<u>13,208,869</u>	<u>580,862</u>	<u>1,308,875</u>	<u>613,925</u>	<u>1,257</u>	<u>15,713,788</u>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	5,662,172	115,889	0	61,797	0	5,839,858
Special	734,924	200,426	0	0	0	935,350
Vocational	290,419	15,861	0	0	0	306,280
Other	3,914	0	0	0	0	3,914
<b>Support Services:</b>						
Pupils	275,505	59,349	0	0	0	334,854
Instructional Staff	184,217	69,400	0	8,566	0	262,183
Board of Education	112,097	0	0	0	0	112,097
Administration	1,199,045	34,845	0	1,038	0	1,234,928
Fiscal	682,919	2,149	18,881	5,632	0	709,581
Operation and Maintenance of Plant	1,109,761	4,617	0	37,792	0	1,152,170
Pupil Transportation	736,727	12,634	0	0	0	749,361
Non-Instructional Services	8,636	11,697	0	0	2,400	22,733
Extracurricular Activities	224,671	75,773	0	0	0	300,444
Capital Outlay	166,869	0	0	192,999	0	359,868
<b>Debt Service:</b>						
Principal Retirement	9,353	0	295,000	0	0	304,353
Interest and Fiscal Charges	84,078	0	783,177	0	0	867,255
Total Expenditures	<u>11,485,307</u>	<u>602,640</u>	<u>1,097,058</u>	<u>307,824</u>	<u>2,400</u>	<u>13,495,229</u>
Excess of Revenues Over (Under) Expenditures	<u>1,723,562</u>	<u>(21,778)</u>	<u>211,817</u>	<u>306,101</u>	<u>(1,143)</u>	<u>2,218,559</u>
<b>Other Financing Sources (Uses):</b>						
Inception of Capital Lease	166,869	0	0	0	0	166,869
Operating Transfers In	5	6	0	152,019	0	152,030
Operating Transfers Out	(3)	(8)	0	(152,019)	0	(152,030)
Total Other Financing Sources (Uses)	<u>166,871</u>	<u>(2)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>166,869</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>1,890,433</u>	<u>(21,780)</u>	<u>211,817</u>	<u>306,101</u>	<u>(1,143)</u>	<u>2,385,428</u>
Fund Balances (Deficit) at Beginning of Year	(1,006,111)	115,104	265,379	(49,818)	22,358	(653,088)
Increase in Reserve for Inventory	10,952	0	0	0	0	10,952
Fund Balances at End of Year	<u>\$895,274</u>	<u>\$93,324</u>	<u>\$477,196</u>	<u>\$256,283</u>	<u>\$21,215</u>	<u>\$1,743,292</u>

See Accompanying Notes to the General Purpose Financial Statements

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$2,619,610	\$3,991,311	\$1,371,701	\$0	\$0	\$0
Income Taxes	1,445,012	2,201,661	756,649	0	0	0
Intergovernmental	7,393,371	5,905,876	(1,487,495)	272,235	272,195	(40)
Interest	127,504	101,839	(25,665)	0	0	0
Tuition and Fees	3,108	2,490	(618)	118,363	147,839	29,476
Rent	0	0	0	11,149	10,578	(571)
Extracurricular Activities	43,739	34,926	(8,813)	70,723	78,287	7,564
Gifts and Donations	0	0	0	1,908	5,467	3,559
Miscellaneous	101,947	80,992	(20,955)	30,391	28,823	(1,568)
<b>Total Revenues</b>	<b>11,734,291</b>	<b>12,319,095</b>	<b>584,804</b>	<b>504,769</b>	<b>543,189</b>	<b>38,420</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	5,564,071	5,609,909	(45,838)	85,692	129,412	(43,720)
Special	880,266	804,943	75,323	185,327	189,074	(3,747)
Vocational	287,560	292,283	(4,723)	27,108	18,608	8,500
Other	5,000	5,401	(401)	0	0	0
<b>Support Services:</b>						
Pupils	333,880	308,508	25,372	62,012	64,829	(2,817)
Instructional Staff	226,315	213,857	12,458	64,116	65,324	(1,208)
Board of Education	144,582	123,589	20,993	0	0	0
Administration	1,246,704	1,217,621	29,083	23,971	35,309	(11,338)
Fiscal	577,537	690,835	(113,298)	2,107	2,149	(42)
Operation and Maintenance of Plant	1,129,743	1,143,562	(13,819)	705	1,086	(381)
Pupil Transportation	773,197	752,412	20,785	14,030	14,810	(780)
Non-Instructional Services	2,733	8,636	(5,903)	8,377	12,479	(4,102)
Extracurricular Activities	238,758	224,775	13,983	98,125	103,153	(5,028)
Capital Outlay	0	0	0	0	0	0
<b>Debt Service:</b>						
Principal Retirement	569,065	569,065	0	0	0	0
Interest and Fiscal Charges	76,692	76,692	0	0	0	0
<b>Total Expenditures</b>	<b>12,056,103</b>	<b>12,042,088</b>	<b>14,015</b>	<b>571,570</b>	<b>636,233</b>	<b>(64,663)</b>
Excess of Revenues Over (Under) Expenditures	(321,812)	277,007	598,819	(66,801)	(93,044)	(26,243)
<b>Other Financing Sources (Uses):</b>						
Refund of Prior Year Expenditures	15,538	12,445	(3,093)	863	1,108	245
Refund of Prior Year Receipts	(7)	(68,869)	(68,862)	(4,325)	(2,075)	2,250
Operating Transfers In	5	5	0	6	6	0
Operating Transfers Out	(3)	(3)	0	(8)	(8)	0
<b>Total Other Financing Sources (Uses)</b>	<b>15,533</b>	<b>(56,422)</b>	<b>(71,955)</b>	<b>(3,464)</b>	<b>(969)</b>	<b>2,495</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(306,279)	220,585	526,864	(70,265)	(94,013)	(23,748)
<b>Fund Balances (Deficit)</b>						
at Beginning of Year	329,413	329,413	0	146,484	146,484	0
Prior Year Encumbrances Appropriated	107,085	107,085	0	33,840	33,840	0
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$130,219</b>	<b>\$657,083</b>	<b>\$526,864</b>	<b>\$110,059</b>	<b>\$86,311</b>	<b>(\$23,748)</b>

(continued)

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(continued)**

	Debt Service Fund			Capital Projects Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$1,012,704	\$987,200	(\$25,504)	\$289,896	\$283,437	(\$6,459)
Income Taxes	0	0	0	0	0	0
Intergovernmental	12,873	119,168	106,295	245,333	264,216	18,883
Interest	2,127	19,689	17,562	4,174	9,317	5,143
Tuition and Fees	0	0	0	0	0	0
Rent	0	0	0	0	0	0
Extracurricular Activities	0	0	0	477	612	135
Gifts and Donations	0	0	0	2,727	3,500	773
Miscellaneous	0	0	0	0	750	750
<b>Total Revenues</b>	<b>1,027,704</b>	<b>1,126,057</b>	<b>98,353</b>	<b>542,607</b>	<b>561,832</b>	<b>19,225</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	0	0	0	464,276	266,764	197,512
Special	0	0	0	0	0	0
Vocational	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Support Services:</b>						
Pupils	0	0	0	14,548	12,496	2,052
Instructional Staff	0	0	0	14,897	11,191	3,706
Board of Education	0	0	0	0	0	0
Administration	0	0	0	677	1,138	(461)
Fiscal	17,483	18,856	(1,373)	27,356	5,615	21,741
Operation and Maintenance of Plant	0	0	0	87,923	51,965	35,958
Pupil Transportation	0	0	0	0	0	0
Non-Instructional Services	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	212,509	168,987	43,522
<b>Debt Service:</b>						
Principal Retirement	295,000	295,000	0	0	0	0
Interest and Fiscal Charges	783,177	783,177	0	0	0	0
<b>Total Expenditures</b>	<b>1,095,660</b>	<b>1,097,033</b>	<b>(1,373)</b>	<b>822,186</b>	<b>518,156</b>	<b>304,030</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(67,956)</b>	<b>29,024</b>	<b>96,980</b>	<b>(279,579)</b>	<b>43,676</b>	<b>323,255</b>
<b>Other Financing Sources (Uses):</b>						
Refund of Prior Year Expenditures	0	0	0	0	0	0
Refund of Prior Year Receipts	0	0	0	0	0	0
Operating Transfers In	0	0	0	152,019	152,019	0
Operating Transfers Out	0	0	0	(152,019)	(152,019)	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(67,956)</b>	<b>29,024</b>	<b>96,980</b>	<b>(279,579)</b>	<b>43,676</b>	<b>323,255</b>
<b>Fund Balances (Deficit)</b>						
at Beginning of Year	159,585	159,585	0	(8,431)	(8,431)	0
Prior Year Encumbrances Appropriated	0	0	0	87,733	87,733	0
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$91,629</b>	<b>\$188,609</b>	<b>\$96,980</b>	<b>(\$200,277)</b>	<b>\$122,978</b>	<b>\$323,255</b>

See Accompanying Notes to the General Purpose Financial Statements

Expendable Trust Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$3,922,210	\$5,261,948	\$1,339,738
0	0	0	1,445,012	2,201,661	756,649
0	0	0	7,923,812	6,561,455	(1,362,357)
983	1,167	184	134,788	132,012	(2,776)
0	0	0	121,471	150,329	28,858
0	0	0	11,149	10,578	(571)
0	0	0	114,939	113,825	(1,114)
0	0	0	4,635	8,967	4,332
0	0	0	132,338	110,565	(21,773)
983	1,167	184	13,810,354	14,551,340	740,986
0	0	0	6,114,039	6,006,085	107,954
0	0	0	1,065,593	994,017	71,576
0	0	0	314,668	310,891	3,777
0	0	0	5,000	5,401	(401)
0	0	0	410,440	385,833	24,607
0	0	0	305,328	290,372	14,956
0	0	0	144,582	123,589	20,993
0	0	0	1,271,352	1,254,068	17,284
0	0	0	624,483	717,455	(92,972)
0	0	0	1,218,371	1,196,613	21,758
0	0	0	787,227	767,222	20,005
1,867	2,900	(1,033)	12,977	24,015	(11,038)
0	0	0	336,883	327,928	8,955
0	0	0	212,509	168,987	43,522
0	0	0	864,065	864,065	0
0	0	0	859,869	859,869	0
1,867	2,900	(1,033)	14,547,386	14,296,410	250,976
(884)	(1,733)	(849)	(737,032)	254,930	991,962
0	0	0	16,401	13,553	(2,848)
0	0	0	(4,332)	(70,944)	(66,612)
0	0	0	152,030	152,030	0
0	0	0	(152,030)	(152,030)	0
0	0	0	12,069	(57,391)	(69,460)
(884)	(1,733)	(849)	(724,963)	197,539	922,502
22,755	22,755	0	649,806	649,806	0
0	0	0	228,658	228,658	0
\$21,871	\$21,022	(\$849)	\$153,501	\$1,076,003	\$922,502

**COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY  
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	<u>(Memorandum Only)</u>
<u>Operating Revenues:</u>			
Sales	\$569,742	\$0	\$569,742
Interest	0	1,324	1,324
Total Operating Revenues	<u>569,742</u>	<u>1,324</u>	<u>571,066</u>
<u>Operating Expenses:</u>			
Salaries	175,858	0	175,858
Fringe Benefits	80,674	0	80,674
Purchased Services	26,592	0	26,592
Materials and Supplies	10,155	0	10,155
Cost of Sales	338,541	0	338,541
Depreciation	22,582	0	22,582
Other Expenses	79	500	579
Total Operating Expenses	<u>654,481</u>	<u>500</u>	<u>654,981</u>
Operating Income (Loss)	<u>(84,739)</u>	<u>824</u>	<u>(83,915)</u>
<u>Non-Operating Revenues:</u>			
Federal Donated Commodities	30,194	0	30,194
Operating Grants	69,736	0	69,736
Interest	1,339	0	1,339
Total Non-Operating Revenues	<u>101,269</u>	<u>0</u>	<u>101,269</u>
Net Income	16,530	824	17,354
Retained Earnings/Fund Balance at Beginning of Year	<u>136,576</u>	<u>27,845</u>	<u>164,421</u>
Retained Earnings/Fund Balance at End of Year	153,106	28,669	181,775
Contributed Capital at Beginning and End of Year	<u>188,894</u>	<u>0</u>	<u>188,894</u>
Total Fund Equity at End of Year	<u><u>\$342,000</u></u>	<u><u>\$28,669</u></u>	<u><u>\$370,669</u></u>

See Accompanying Notes to the General Purpose Financial Statements

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**COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<b>Enterprise Funds</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<u>Revenues:</u>			
Sales	\$529,088	\$568,386	\$39,298
Interest	899	989	90
Operating Grants	69,199	76,146	6,947
Total Revenues	599,186	645,521	46,335
<u>Expenses:</u>			
Salaries	184,969	179,924	5,045
Fringe Benefits	90,409	87,943	2,466
Purchased Services	26,612	29,262	(2,650)
Materials and Supplies	329,786	320,410	9,376
Capital Outlay	2,163	2,104	59
Other Expenses	69	69	0
Total Expenses	634,008	619,712	14,296
Excess of Revenues Over (Under) Expenses	(34,822)	25,809	60,631
Fund Balances at Beginning of Year	33,263	33,263	0
Prior Year Encumbrances Appropriated	2,009	2,009	0
Fund Balances at End of Year	\$450	\$61,081	\$60,631

See Accompanying Notes to the General Purpose Financial Statements



<b>Non-Expendable Trust Fund</b>			<b>Totals (Memorandum Only)</b>		
<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
\$0	\$0	\$0	\$529,088	\$568,386	\$39,298
1,219	1,449	230	2,118	2,438	320
0	0	0	69,199	76,146	6,947
<u>1,219</u>	<u>1,449</u>	<u>230</u>	<u>600,405</u>	<u>646,970</u>	<u>46,565</u>
0	0	0	184,969	179,924	5,045
0	0	0	90,409	87,943	2,466
0	0	0	26,612	29,262	(2,650)
0	0	0	329,786	320,410	9,376
0	0	0	2,163	2,104	59
644	1,000	(356)	713	1,069	(356)
<u>644</u>	<u>1,000</u>	<u>(356)</u>	<u>634,652</u>	<u>620,712</u>	<u>13,940</u>
575	449	(126)	(34,247)	26,258	60,505
27,720	27,720	0	60,983	60,983	0
0	0	0	2,009	2,009	0
<u>\$28,295</u>	<u>\$28,169</u>	<u>(\$126)</u>	<u>\$28,745</u>	<u>\$89,250</u>	<u>\$60,505</u>

**COMBINED STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	
<u>Increase (Decrease) in Cash and Cash Equivalents</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$568,386	\$0	\$568,386
Cash Payments for Salaries	(179,924)	0	(179,924)
Cash Payments for Fringe Benefits	(87,943)	0	(87,943)
Cash Payments to Suppliers for Goods and Services	(344,398)	0	(344,398)
Cash Payments for Other Expenses	(79)	(1,000)	(1,079)
Net Cash Used for Operating Activities	<u>(43,958)</u>	<u>(1,000)</u>	<u>(44,958)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Cash Received from Operating Grants	<u>76,146</u>	<u>0</u>	<u>76,146</u>
<u>Cash Flows from Investing Activities:</u>			
Cash Received from Interest	<u>1,339</u>	<u>1,324</u>	<u>2,663</u>
Net Increase in Cash and Cash Equivalents	33,527	324	33,851
Cash and Cash Equivalents at Beginning of Year	35,272	27,845	63,117
Cash and Cash Equivalents at End of Year	<u>\$68,799</u>	<u>\$28,169</u>	<u>\$96,968</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u>			
Operating Income (Loss)	(84,739)	824	(83,915)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:</u>			
Depreciation	22,582	0	22,582
Donated Commodities Used During Year	30,194	0	30,194
Interest Reported as Operating Income	0	(1,324)	(1,324)
<u>Changes in Assets and Liabilities:</u>			
Increase in Accounts Receivable	(1,356)	(500)	(1,856)
Increase in Prepaid Items	(54)	0	(54)
Decrease in Inventory Held for Resale	281	0	281
Increase in Materials and Supplies Inventory	(73)	0	(73)
Increase in Accounts Payable	1,010	0	1,010
Decrease in Accrued Wages and Benefits	(6,602)	0	(6,602)
Increase in Compensated Absences Payable	861	0	861
Decrease in Intergovernmental Payable	(6,062)	0	(6,062)
Net Cash Used for Operating Activities	<u>(\$43,958)</u>	<u>(\$1,000)</u>	<u>(\$44,958)</u>
<u>Reconciliation of Non-Expendable Trust Fund Cash and Cash Equivalents to Balance Sheet:</u>			
All Fiduciary Fund Types		\$148,447	
Less Agency Funds		(99,063)	
Less Expendable Trust Funds		(21,215)	
Cash and Cash Equivalents-Non-Expendable Trust Fund		<u>\$28,169</u>	

See Accompanying Notes to the General Purpose Financial Statements

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**

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

Buckeye Valley 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 and/or federal guidelines.

The School District was established in 1961. The School District serves an area of approximately one hundred ninety-six square miles. It is located in Delaware, Marion, Morrow, and Union Counties. The School District is the 251<sup>st</sup> largest in the State of Ohio (among 611 school districts) in terms of enrollment. It is staffed by sixty-six classified employees, one hundred thirty-three certified teaching personnel, and eight administrative employees who provide services to 2,265 students and other community members. The School District currently operates three elementary schools, a junior high school, a high school, an administration building, and a bus garage.

**Reporting Entity**

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Buckeye Valley 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 organizations' 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. There are no component units of the Buckeye Valley Local School District.

The School District is associated with two jointly governed organizations and two insurance pools. These organizations are the Tri-Rivers Educational Computer Association (TRECA); Delaware Joint Vocational School; Ohio School Boards Association Workers' Compensation Group Rating Plan; and the Champaign, Delaware, Marion, Union School Employee Welfare Benefit Association Trust. These organizations are presented in Notes 20 and 21 to the general purpose financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Buckeye Valley 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. Following are the more significant of the School District's accounting policies.

**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 of governmental, proprietary, and fiduciary.

**Governmental Fund Types:**

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

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)**

**A. Basis of Presentation - Fund Accounting (continued)**

**Proprietary Fund Type:**

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

**Enterprise Funds**

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

**Fiduciary Fund Types:**

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

**Account Groups:**

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

**General Fixed Assets Account Group -**

This account group is established to account for all fixed assets of the School District, other than those accounted for in proprietary funds 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 proprietary funds 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 and expendable trust funds 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)**

**B. Measurement Focus and Basis of Accounting (continued)**

The proprietary fund type and non-expendable trust fund are accounted for using 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. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after 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: taxpayer-assessed income taxes, grants, interest, tuition, student fees, and rent.

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 and non-expendable trust fund. 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.

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

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

**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 appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

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

**Tax Budget**

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

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

**Estimated Resources**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates, as determined by the County Budget Commission, and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal 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 of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources 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 of estimated resources issued during fiscal year 1999.

**Appropriations**

Upon receipt from the County Auditor of an amended certificate of estimated resources, based on final assessed values and tax rates, or a certificate saying no new certificate is necessary, the annual appropriation resolution is 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.

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

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

**C. Budgetary Process (continued)**

The Board may pass supplemental fund appropriations as 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, one supplemental appropriation resolution was legally enacted.

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

**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 fund types and expendable trust funds and reported in the notes to the financial statements for the proprietary fund type and non-expendable trust fund.

**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 Investments**

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

During fiscal year 1999, investments were limited to repurchase agreements and STAR Ohio. Repurchase agreements are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 1999.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 1999 amounted to \$105,862, which includes \$25,913 assigned from other School District funds.

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. Investments with an initial maturity of more than three months and not purchased from the pool are reported as investments.



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

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

**E. 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 purchase and an expenditure/expense is recorded in the year in which services are consumed.

**F. Inventory**

Inventory in the governmental funds is stated at cost while inventory in the proprietary funds is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in the governmental funds consists of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased. Reported materials 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. Inventory in the proprietary funds consists of donated food, purchased food, and school supplies held for resale and is expensed when used.

**G. Restricted Assets**

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by State statute to be set aside for the purchase of textbooks and other instructional materials and to create a reserve for budget stabilization. Restricted assets also include unexpended revenues restricted for the purchase of school buses.

**H. Fixed Assets and Depreciation**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to proprietary 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 proprietary funds is computed using the straight-line method over an estimated useful life of eight to twenty years.

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

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

**I. Interfund Assets/Liabilities**

Short-term interfund loans are classified as "Interfund Receivables/Payables".

**J. 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 ten years of 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.

**K. 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 liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments for these obligations made more than sixty days after fiscal year end are considered not to have used current available financial resources. Capital leases and bonds are recognized as liabilities in the general long-term obligations account group until due.

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

**L. 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 fiscal year end.

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

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

**L. Contributed Capital (continued)**

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1997, 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.

**M. 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 property taxes, inventories of materials and supplies, textbooks, budget stabilization, bus purchase, contributions, and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures. The reserve for contributions signifies legal restrictions on the use of principal in the non-expendable trust fund.

**N. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, entitlements, and shared revenues 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 Allocation

**Non-Reimbursable Grants**

**Special Revenue Funds**

- Math and Science Pathways
- DKMM Mini-Grant
- ODNR Grant
- Early Childhood Care - SACC
- Recycling Grant
- Professional Development
- School Age Child Care

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

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

**N. Intergovernmental Revenues (continued)**

**Special Revenue Funds (continued)**

- Education Management Information System
- Eisenhower
- Title VI-B
- Title I
- Title VI
- Drug Free
- SACC Grant
- Early Childhood Preschool
- Continuous Improvement

**Capital Projects Funds**

- SchoolNet Plus
- Textbook/Instructional Materials

**Reimbursable Grants**

**General Fund**

- Driver Education

**Proprietary Funds**

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to approximately 42 percent of the revenues of the School District's governmental fund types during the 1999 fiscal year.

**O. 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.

**P. Estimates**

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

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

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

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

**3. ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

At June 30, 1999, the Education Management Information System, Title VI-B, Title I, Title VI, and Drug Free special revenue funds had deficit fund balances of \$86, \$22,240, \$8,812, \$181, and \$7,280, respectively, which were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**B. Compliance**

The following funds had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 1999.

Fund Type/Fund	Estimated Resources Plus Available Balances	Appropriations	Excess
Special Revenue Funds			
Professional Development	\$12,774	\$14,505	\$1,731
Education Management Information System	6,257	6,332	75
Title VI	7,282	8,456	1,174
Capital Projects Funds			
Permanent Improvement Building	343,693	495,019	151,326
SchoolNet Plus	152,019	212,509	60,490
	231,735	252,128	20,393

The following accounts had expenditures/expenses in excess of appropriations for the fiscal year ended June 30, 1999.

Fund Type/Fund/ Function/Object	Appropriations	Expenditures/ Expenses	Excess
General Fund			
Regular/Fringe Benefits	\$1,136,666	\$1,237,920	\$101,254
Regular/Purchased Services	30,290	34,505	4,215
Regular/Capital Outlay - New	0	346	346
Regular/Capital Outlay - Replacement	0	713	713
Special/Fringe Benefits	176,664	187,459	10,795
Vocational/Fringe Benefits	60,258	67,653	7,395
Vocational/Capital Outlay - New	0	2,842	2,842
Other/Purchased Services	5,000	5,401	401

(continued)

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

**3. ACCOUNTABILITY AND COMPLIANCE (continued)**

Fund Type/Fund/ Function/Object	Appropriations	Expenditures/ Expenses	Excess
General Fund (continued)			
Pupils/Fringe Benefits	\$69,203	\$69,885	\$682
Pupils/Capital Outlay - New	369	7,392	7,023
Pupils/Capital Outlay - Replacement	450	904	454
Instructional Staff/Salaries	117,692	118,888	1,196
Instructional Staff/Fringe Benefits	51,658	52,512	854
Board of Education/Fringe Benefits	714	755	41
Board of Education/Materials and Supplies	600	696	96
Board of Education/Other	48,630	54,201	5,571
Administration/Salaries	738,106	740,231	2,125
Administration/Materials and Supplies	33,132	34,632	1,500
Administration/Capital Outlay - New	0	927	927
Administration/Capital Outlay - Replacement	0	344	344
Fiscal/Fringe Benefits	43,132	43,883	751
Fiscal/Purchased Services	14,050	25,716	11,666
Fiscal/Other	1,061,182	1,166,063	104,881
Fiscal/Capital Outlay - Replacement	0	136	136
Operation and Maintenance of Plant/Fringe Benefits	148,014	156,928	8,914
Operation and Maintenance of Plant/Purchased Services	492,855	494,875	2,020
Operation and Maintenance of Plant/Materials and Supplies	82,809	83,943	1,134
Operation and Maintenance of Plant/Capital Outlay - New	304	16,205	15,901
Operation and Maintenance of Plant/Capital Outlay - Replacement	0	3,625	3,625
Pupil Transportation/Salaries	404,371	411,107	6,736
Pupil Transportation/Purchased Services	37,431	42,107	4,676
Pupil Transportation/Other	114	134	20
Pupil Transportation/Capital Outlay - Replacement	13,318	13,465	147
Non-Instructional Services/Fringe Benefits	176	6,371	6,195

(continued)

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

**3. ACCOUNTABILITY AND COMPLIANCE (continued)**

Fund Type/Fund/ Function/Object	Appropriations	Expenditures/ Expenses	Excess
General Fund (continued)			
Non-Instructional Services/Other	\$201	\$300	\$99
Extracurricular Activities/Salaries	151,000	158,095	7,095
Extracurricular Activities/Fringe Benefits	23,330	27,886	4,556
Extracurricular Activities/Materials and Supplies	385	576	191
Extracurricular Activities/Other	173	185	12
Refund of Prior Year Receipts	7	68,869	68,862
Special Revenue Funds			
Caitlin Stanich Memorial			
Instructional Staff/Materials and Supplies	422	656	234
Principal			
Pupils/Materials and Supplies	33,826	34,836	1,010
Other Grants			
Regular/Purchased Services	1,341	1,600	259
Regular/Materials and Supplies	1,007	1,701	694
Regular/Capital Outlay - New	200	239	39
Operation and Maintenance of Plant/Materials and Supplies	252	300	48
Early Childhood Care - SACC			
Regular/Salaries	49,317	73,472	24,155
Regular/Fringe Benefits	8,182	12,190	4,008
Regular/Material and Supplies	3,436	6,234	2,798
Special/Other	1,891	3,117	1,226
Instructional Staff/Purchased Services	97	144	47
Administration/Salaries	13,184	19,641	6,457
Administration/Fringe Benefits	3,269	4,869	1,600
Administration/Purchased Services	230	342	112
Administration/Capital Outlay - New	206	307	101
Non-Instructional Services/Materials and Supplies	8,377	12,479	4,102

(continued)

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

**3. ACCOUNTABILITY AND COMPLIANCE (continued)**

Fund Type/Fund/ Function/Object	Appropriations	Expenditures/ Expenses	Excess
Special Revenue Funds (continued)			
Recycling Grant			
Regular/Materials and Supplies	\$273	\$449	\$176
Operation and Maintenance of Plant/Purchased Services	453	677	224
Operation and Maintenance of Plant/Materials Supplies	0	109	109
Athletic and Music			
Extracurricular Activities/Materials and Supplies	73,009	78,035	5,026
Extracurricular Activities/Other	8,199	8,291	92
Professional Development			
Instructional Staff/Purchased Services	598	2,373	1,775
Instructional Staff/Materials and Supplies	0	780	780
SACC Grant			
Regular/Materials and Supplies	0	4,554	4,554
Regular/Capital Outlay - New	0	7,256	7,256
Pupils/Purchased Services	0	304	304
Pupils/Capital Outlay - New	0	1,200	1,200
Instructional Staff/Purchased Services	0	406	406
Administration/Fringe Benefits	0	600	600
Administration/Purchased Services	0	613	613
Pupil Transportation/Salaries	0	762	762
Pupil Transportation/Fringe Benefits	0	250	250
Education Management Information System			
Administration/Capital Outlay - New	4,225	4,309	84
Fiscal/Capital Outlay - New	0	42	42
Eisenhower			
Regular/Purchased Services	0	1,725	1,725
Regular/Materials and Supplies	3,349	6,369	3,020

(continued)



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

**3. ACCOUNTABILITY AND COMPLIANCE (continued)**

Fund Type/Fund/ Function/Object	Appropriations	Expenditures/ Expenses	Excess
Special Revenue Funds (continued)			
Title VI-B			
Special/Purchased Services	\$47,431	\$50,669	\$3,238
Special/Materials and Supplies	4,292	4,303	11
Pupils/Purchased Services	11,649	11,952	303
Title I			
Special/Purchased Services	726	925	199
Early Childhood Preschool			
Special/Purchased Services	3,549	3,595	46
Continuous Improvement			
Administration/Purchased Services	0	1,683	1,683
Administration/Materials and Supplies	0	100	100
Capital Projects Funds			
Permanent Improvement			
Administration/Capital Outlay - New	677	1,138	461
Operation and Maintenance of Plant/Capital Outlay - New	5,826	9,945	4,119
SchoolNet Plus			
Operation and Maintenance of Plant/Capital Outlay - New	0	8,998	8,998
Textbook/Instructional Materials			
Regular/Materials and Supplies	0	18,228	18,228
Enterprise Fund			
Food Service			
Purchased Services	26,612	29,262	2,650
Expendable Trust Funds			
Non-Instructional Services/Other	1,867	2,900	1,033
Non-Expendable Trust Fund			
Other	644	1,000	356

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

**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 (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type and Non-Expendable Trust Fund 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 expendable trust funds and as note disclosure in the proprietary fund type and non-expendable trust fund (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 and Expendable Trust Funds

	Governmental Fund Types				Expendable Trust
	General	Special Revenue	Debt Service	Capital Projects	
GAAP Basis	\$1,890,433	(\$21,780)	\$211,817	\$306,101	(\$1,143)
<u>Increase (Decrease) Due To:</u>					
Revenue Accruals:					
Accrued FY 1998, Received in Cash FY 1999	1,205,165	196	105,794	31,936	103
Accrued FY 1999, Not Yet Received in Cash	(2,080,342)	(36,761)	(288,612)	(84,029)	(193)
Expenditure Accruals:					
Accrued FY 1998, Paid in Cash FY 1999	(1,474,540)	(65,416)	0	(161,056)	(500)
Accrued FY 1999, Not Yet Paid in Cash	1,358,778	68,575	25	43,119	0

(continued)

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

**4. BUDGETARY BASIS OF ACCOUNTING (continued)**

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

	Governmental Fund Types				Expendabl e Trust
	General	Special Revenue	Debt Service	Capital Projects	
Prepaid Items	(\$2,611)	\$0	\$0	\$0	\$0
Loan Retirement	(569,065)	0	0	0	0
Encumbrances Outstanding at Year End (Budget Basis)	(107,233)	(38,827)	0	(92,395)	0
Budget Basis	<u>\$220,585</u>	<u>(\$94,013)</u>	<u>\$29,024</u>	<u>\$43,676</u>	<u>(\$1,733)</u>

Net Income/Excess of Revenues Over Expenses  
Proprietary Fund Type and Non-Expendable Trust Fund

	Proprietary Fund Type	Non-Expendable Trust
	Enterprise	
GAAP Basis	\$16,530	\$824
<u>Increase (Decrease) Due To:</u>		
Revenue Accruals:		
Accrued FY 1998, Received in Cash FY 1999	41,345	125
Accrued FY 1999, Not Yet Received in Cash	(36,641)	0
Expense Accruals:		
Accrued FY 1998, Paid in Cash FY 1999	(74,538)	0
Accrued FY 1999, Not Yet Paid in Cash	63,755	(500)
Prepaid Items	(54)	0
Inventory Held for Resale	281	0
Materials and Supplies Inventory	(73)	0
Depreciation Expense	22,582	0
Encumbrances Outstanding at Year End (Budget Basis)	(7,378)	0
Budget Basis	<u>\$25,809</u>	<u>\$449</u>

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

**5. DEPOSITS AND INVESTMENTS**

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

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

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

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

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

Interim monies may be invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security 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 2 percent and be marked to market daily, and 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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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

**5. DEPOSITS AND INVESTMENTS (continued)**

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

At fiscal year end, the School District had \$491 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

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

At fiscal year end, the carrying amount of the School District's deposits was (\$133,329) and the bank balance was \$132,689. Of the bank balance, \$100,000 was covered by federal depository insurance and \$32,689 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 to a successful claim by the FDIC.

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

	Category 3	Carrying Amount	Fair Value
Repurchase Agreements	\$725,000	\$725,000	\$725,319
STAR Ohio		924,989	924,989
Totals		\$1,649,989	\$1,650,308

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

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

**5. DEPOSITS AND INVESTMENTS (continued)**

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$1,517,151	\$0
Cash on Hand	(491)	0
Investments:		
Repurchase Agreements	(725,000)	725,000
STAR Ohio	(924,989)	924,989
GASB Statement No. 3	(\$133,329)	\$1,649,989

**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. All property is required to be revalued every six years. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. 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. 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 fiscal year. Tangible personal property assessments are 25 percent of true value.

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

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 Delaware, Marion, Morrow, and Union 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.

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

**6. PROPERTY TAXES (continued)**

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property 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 \$1,150,915 in the General Fund, \$287,702 in the Bond Retirement debt service fund, and \$82,649 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 1998, was \$409,530 in the General Fund, \$105,250 in the Bond Retirement debt service fund, and \$30,129 in the Permanent Improvement capital projects fund.

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	\$181,301,220	88.32%	\$187,776,360	88.84%
Public Utility	16,257,540	7.92	16,277,100	7.70
Tangible Personal	7,728,767	3.76	7,309,990	3.46
Total Assessed Value	<u>\$205,287,527</u>	<u>100.00%</u>	<u>\$211,363,450</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$35.74		\$35.71	

**7. INCOME TAXES**

The School District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1993, and is for a continuing period. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

**8. RECEIVABLES**

Receivables at June 30, 1999, consisted of both property and income taxes, accounts (student fees and billings for user charged services), intergovernmental, and interfund receivables. 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. Student fees are also considered collectible in full due to the withholding of diplomas and grade cards. Accounts receivable at June 30 were \$27,604.

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

**8. RECEIVABLES (continued)**

A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund	
Delaware JVS	\$1,028
Delaware County	100
U.S. Treasury	12
Total General Fund	1,140
Special Revenue Funds	
School Farm	1,358
Title VI-B	26,663
Drug Free	8,105
Total Special Revenue Funds	36,126
Enterprise Fund	
Food Service	11,608
Total Intergovernmental Receivables	\$48,874

**9. FIXED ASSETS**

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

Furniture and Equipment	\$520,876
Less Accumulated Depreciation	(222,172)
Net Fixed Assets	\$298,704

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

Asset Category	Balance at 6/30/98	Additions	Reductions	Balance at 6/30/99
Land and Improvements	\$884,594	\$0	\$0	\$884,594
Buildings and Improvements	18,320,018	0	0	18,320,018
Furniture, Fixtures, and Equipment	3,167,246	369,170	43,533	3,492,883
Vehicles	1,196,571	0	0	1,196,571
Books	861,411	0	0	861,411
Totals	\$24,429,840	\$369,170	\$43,533	\$24,755,477



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

**10. INTERFUND ASSETS/LIABILITIES**

At June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Interfund Receivable s	Interfund Payables
General Fund	\$32,002	\$0
Special Revenue Funds		
Education Management Information System	0	85
Title VI-B	0	23,812
Drug Free	0	8,105
Total Special Revenue Funds	0	32,002
Total All Funds	<u>\$32,002</u>	<u>\$32,002</u>

**11. 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 for the following insurance coverages.

Coverages provided by Nationwide Insurance are as follows:

Automobile Liability	\$2,000,000
Uninsured Motorists	2,000,000
Comprehensive (\$100 deductible)	
Collision (\$250 deductible)	
Medical Payments - per person	5,000
General Liability	
Per Occurrence	2,000,000
Total Per Year	5,000,000

Coverages provided by Scharer Insurance are as follows:

Building and Contents/Boiler and Machinery (\$1,000 deductible)	33,323,731
Inland Marine Coverage (\$100 deductible)	
Farm Equipment	77,412
Equipment Rented, Leased, or Borrowed	5,000
Maintenance Truck Equipment	3,401
EDP	402,422
Musical Instruments	186,612

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

**11. RISK MANAGEMENT (continued)**

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

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

The School District participates in the Champaign, Delaware, Marion, Union School Employee Welfare Benefit Association Trust (the Trust), a public entity shared risk pool consisting of eight school districts and the Champaign County and Delaware/Union County Educational Service Centers. The School District pays monthly premiums to the Trust for employee medical, dental, and life insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**12. DEFINED BENEFIT PENSION PLANS**

**A. 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 administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 1999. For fiscal year 1998, 10.5 percent was the portion used to fund pension obligations. 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 contribution for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997, were \$358,196, \$640,357, and \$607,012, respectively; 82.32 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. The unpaid contribution for fiscal year 1999, in the amount of \$63,338, is recorded as a liability within the respective funds.

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

**12. DEFINED BENEFIT PENSION PLANS (continued)**

**B. 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 administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available 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 an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 7.7 percent was the portion used to fund pension obligations for fiscal year 1999. For fiscal year 1998, 9.02 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997, were \$126,016, \$147,714, and \$140,849, respectively; 37.2 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. The unpaid contribution for fiscal year 1999, in the amount of \$79,132, is recorded as a liability within the respective funds and the general long-term obligations account group.

**C. Social Security System**

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

**13. POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 1999, the 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 \$477,594 for fiscal year 1999.

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

**13. POSTEMPLOYMENT BENEFITS (continued)**

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998 (the latest information available). For the fiscal 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 years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, 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 has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$145,224 for fiscal year 1999.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998, 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.

**14. EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components is derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per 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 a rate of one and one-fourth days per month. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of seventy-five days. In addition, sick leave in excess of one hundred twenty days is calculated on a basis of the total accumulated sick leave days up to and including two hundred ten days multiplied by .357 for classified employees, and up to and including two hundred fifteen days multiplied by .333 for certified employees.

**B. Insurance Benefits**

The School District offers medical, dental, and life insurance benefits to employees through the Champaign, Delaware, Marion, Union School Employees Welfare Benefit Association Trust. Depending upon the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract.

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

**15. SHORT-TERM OBLIGATIONS**

**FY 1998 State Operating Loan** - On March 6, 1998, the School District obtained a loan, in the amount of \$1,195,000, to meet its financial obligations as a result of an operating deficit. The loan is in anticipation of fiscal years 1999 and 2000 state foundation revenues. The loan is for a two year period, with final maturity in fiscal year 2000. The loan is being retired through the General Fund. During fiscal year 1999, principal was retired, in the amount of \$569,065.

Fiscal Year Ending June 30,	Principal	Interest	Total
2000	\$625,935	\$19,694	\$645,629

**16. LONG-TERM OBLIGATIONS**

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

	Balance at 6/30/98	Additions	Reductions	Balance at 6/30/99
School Building Bonds				
FY 1996 4.100%	\$13,525,000	\$0	\$295,000	\$13,230,000
Compensated Absences Payable	1,190,703	24,615	0	1,215,318
Intergovernmental Payable	157,050	124,970	157,050	124,970
Capital Leases Payable	0	166,869	9,353	157,516
<b>Total General Long-Term Obligations</b>	<b>\$14,872,753</b>	<b>\$316,454</b>	<b>\$452,050</b>	<b>\$14,727,804</b>

FY 1996 School Building Bonds - On December 1, 1995, the School District issued \$14,000,000 in voted general obligation bonds for improving and constructing school buildings and facilities. The bonds were issued for a twenty-five year period, with final maturity in fiscal year 2021. The bonds are being retired through the Bond Retirement debt service fund.

Compensated absences and intergovernmental payables, representing the School District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid. Capital leases will be paid from the General Fund.

The School District's overall debt margin was \$6,269,907 with an unvoted debt margin of \$211,363 at June 30, 1999.

Principal and interest requirements to retire the outstanding general obligation debt at June 30, 1999, were as follows:

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

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2000	\$325,000	\$769,685	\$1,094,685
2001	335,000	754,998	1,089,998
2002	350,000	739,410	1,089,410
2003	365,000	722,783	1,087,783
2004	385,000	704,965	1,089,965
2005-2009	2,275,000	3,170,506	5,445,506
2010-2014	3,035,000	2,282,204	5,317,204
2015-2019	4,170,000	1,121,628	5,291,628
2020-2021	1,990,000	105,788	2,095,788
	<u>\$13,230,000</u>	<u>\$10,371,967</u>	<u>\$23,601,967</u>

**17. CAPITAL LEASES - LESSEE DISCLOSURE**

The School District has entered into capitalized leases for equipment. Each lease meets 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. New capital leases are reflected in the accounts "Capital Outlay" and "Inception of Capital Lease" in the funds which will be making the payments. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of equipment have been capitalized in the general fixed assets account group, in the amount of \$166,869. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 1999 were \$9,353 in the governmental funds.

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

Fiscal Year Ending June 30,	GLTDAG
2000	\$44,887
2001	44,887
2002	44,887
2002	44,887
2004	28,148
Subtotal	<u>207,696</u>
Less: Amount Representing Interest	(50,180)
Present Value of Minimum Lease Payments	<u>\$157,516</u>

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

**18. RESERVATIONS OF FUND BALANCE**

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

The School District also receives resources from the State of Ohio which are restricted by State law to the purchase of school buses. The balance of this allocation is also reflected as a reservation of fund balance in the General Fund at fiscal year end.

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 1999 as well as the balance of the bus purchase allocation.

	Textbooks	Capital Improvements	Budget Stabilization	Total
Balance June 30, 1998	\$0	\$0	\$69,080	\$69,080
Current Year Set Aside Requirement	185,696	185,696	92,848	464,240
Current Year Offsets	(31,449)	(185,696)	0	(31,449)
Qualifying Expenditures	(94,215)	0	0	(279,911)
Balance June 30, 1999	<u>\$60,032</u>	<u>\$0</u>	<u>\$161,928</u>	221,960
Amount Restricted for Bus Purchase				69,786
Total Restricted Assets				<u>\$291,746</u>

Amounts of offsets and qualifying expenditures presented in the table were limited to those necessary to reduce the year end balance to zero. Although the School District may have had additional offsets and qualifying expenditures during the year, by rule, these amounts may not be used to reduce the set aside requirements of future years and are therefore not presented.

**19. 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 Valley Local School District as of and for the fiscal year ended June 30, 1999.

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

**19. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (continued)**

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$484,064	\$85,678	\$569,742
Depreciation Expense	22,582	0	22,582
Operating Loss	(77,243)	(7,496)	(84,739)
Federal Donated Commodities	30,194	0	30,194
Operating Grants	69,736	0	69,736
Net Income (Loss)	24,026	(7,496)	16,530
Net Working Capital	25,672	25,625	51,297
Total Assets	392,615	26,943	419,558
Total Equity	316,375	25,625	342,000
Encumbrances Outstanding at Year End (Budget Basis)	4,048	3,330	7,378

**20. JOINTLY GOVERNED ORGANIZATIONS**

**A. Tri-Rivers Educational Computer Association**

The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Marion, Morrow, and Wyandot 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 TRECA consists of two representatives from each county elected by majority vote of all charter member school districts within each county. Financial information can be obtained from Mike Carder, who serves as Director, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

**B. Delaware Joint Vocational School**

The Delaware Joint Vocational School (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education. The JVS operates under the direction of a Board consisting of one representative from each of the ten participating school districts' Board of Education. The degree of control exercised by the School District is limited to its representation on the Board. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from C. Lynn Starnier, who serves as Treasurer, 4565 Columbus Pike Road, Delaware, Ohio 43015.



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

**21. INSURANCE POOLS**

**A. Ohio School Boards Association Workers' Compensation Group Rating Plan**

The School District participates in a group rating plan for workers' compensation as established under section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

**B. Champaign, Delaware, Marion, Union School Employee Welfare Benefit Association Trust**

The Champaign, Delaware, Marion, Union School Employee Welfare Benefit Association Trust (the Trust), is a public entity shared risk pool consisting of eight school districts and the Champaign County and Delaware/Union County Educational Service Centers. The Trust is organized as a Voluntary Employee Benefit association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and life insurance benefits to the employees of the participants. Each participant's superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington Bank, concerning aspects of the administration of the Trust.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Roxanna McCulloch, who serves as Director, at Huntington Center HC1142, Columbus, Ohio 43287.

**22. SCHOOL FOUNDATION PROGRAM**

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 the system. Declared unconstitutional was the State's "School Foundation Program" which provides significant monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$4,916,775 of school foundation support for its General Fund.

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 these financial statements, 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 Court of Common Pleas 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 this program and on its financial operations.

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

**23. CONTINGENT LIABILITIES**

**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**

There are currently no matters in litigation with the School District as defendant.

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

<b>Federal Grantor/ Pass Through Grantor / Program Title</b>	<b>CFDA #</b>	<b>Pass- Through Agency Awarding Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed through the Ohio Department of Education:</i>						
Child Nutrition Cluster: Food Distribution	10.550		\$ —	\$ 43,035	\$ —	\$ 43,035
National School Lunch Program	10.555	03-PU 99	70,693	—	70,693	—
Special Milk Program for Children	10.556	02-PU 99	2,443	—	2,443	—
<b>Total U.S. Department of Agriculture - Child Nutrition Cluster</b>			<b>73,136</b>	<b>43,035</b>	<b>73,136</b>	<b>43,035</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed through the Ohio Department of Education:</i>						
Special Education Cluster Special Education Grants to States	84.027	6B-SF 99	91,297	—	135,466	—
Special Education - Preschool Grant	84.173	PG-S1 98	3,549	—	3,595	—
<b>Total Special Education Cluster</b>			<b>94,846</b>	<b>—</b>	<b>139,061</b>	<b>—</b>
Grants to Local Educational Agencies	84.010	C1-S1 99	108,991	—	124,170	—
Safe and Drug-Free Schools and Communities	84.186	DR-S1-99	3,473	—	11,578	—
Eisenhower Professional Development State Grant	84.281	MS-S1 98	14,524	—	5,166	—
Innovative Education Program Strategies	84.298	C2-S1 99	8,204	—	7,197	—
<b>Total U.S. Department of Education</b>			<b>230,038</b>	<b>—</b>	<b>287,172</b>	<b>—</b>
<b>U.S. DEPARTMENT OF LABOR</b>						
<i>Passed through Ohio Department of Education:</i>						
Employment Services and Job Training Pilot and Demonstration Program	17.249		10,000	—	1,403	—
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<i>Passed through Ohio Department of Education:</i>						
Dependent Care Plan	93.575		—	—	8,552	—
<b>Total Federal Awards</b>			<b>\$313,174</b>	<b>\$ 43,035</b>	<b>\$ 370,263</b>	<b>\$ 43,035</b>

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

**NOTE A—SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the federal award programs of the Buckeye Valley Local School District, Delaware County, Ohio, (the District.) The schedule has been prepared on the cash basis of accounting.

**NOTE B—FOOD DISTRIBUTION**

Non monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. At June 30, 1999, the District had no significant food commodities in inventory.

**NOTE C—FUTURE FARMERS OF AMERICA**

The District receives funding from the U.S Department of Agriculture through the Federal Services Agency of Delaware County. The assistance is applied for on behalf of the students, based on the market loss of the products grown and sold, and the District receives the payment and distributes the money to the students. The District has only administrative duties over the proceeds of the grant and receives no direct benefit from the grant.



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

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

Buckeye Valley Local School District  
Delaware County  
679 Coover Road  
Delaware, Ohio 43015

To the Board of Education:

We have audited the general purpose financial statements of the Buckeye Valley Local School District, Delaware County, Ohio, (the District), as of and for the year ended June 30, 1999, and have issued our report thereon dated February 25, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-10621-001 and 1999-10621-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 25, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 1999-10621-001 through 1999-10621-004.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 25, 2000.

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

**JIM PETRO**  
Auditor of State

February 25, 2000



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

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

Buckeye Valley Local School District  
Delaware County  
679 Coover Road  
Delaware, Ohio 43015

To the Board of Education:

**Compliance**

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

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings as item 1999-10621-005.

**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.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings as item 1999-10621-005.

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 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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions that are also considered to be a material weakness. However, we believe the reportable condition described above is not a material weakness.

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

**JIM PETRO**  
Auditor of State

February 25, 2000



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

**JUNE 30, 1999**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	Yes
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA #84.027/84.173 Special Education Cluster
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type AIB Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

**JUNE 30, 1999**  
(Continued)

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

**1999-10621-001**

**Expenditures Exceed Appropriations**

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated.

Expenditures exceeded appropriations at June 30, 1999 for the following fund types and accounts, which constitute the legal level of control.

Fund Type/Fund/ Function/ Object	Appropriations	Expenditures	Excess
<b>General Fund</b>			
Regular Instruction / Purchased Services	30,290	34,505	4,215
Regular Instruction / Fringe Benefits	1,136,666	1,237,920	101,254
Regular Instruction / Capital Outlay - New	0	346	346
Regular Instruction / Capital Outlay - Replacement	0	713	713
Special Instruction / Fringe Benefits	176,664	187,459	10,795
Vocational Instruction / Fringe Benefits	60,258	67,653	7,395
Vocational Instruction / Capital Outlay - New	0	2,842	2,842
Other / Purchased Services	5,000	5,401	401
Pupils /Fringe Benefits	69,203	69,885	682
Pupils / Capital Outlay - New	369	7,392	7,023
Pupils / Capital Outlay - Replacement	450	904	454
Instructional Staff / Fringe Benefits	51,658	52,512	854
Instructional Staff / Salaries	117,692	118,888	1,196
Board of Education / Fringe Benefits	714	755	41
Board of Education / Materials and Supplies	600	696	96
Board of Education / Other	48,630	54,201	5,571
Administration / Salaries	738,106	740,231	2,125
Administration / Material and Supplies	33,132	34,632	1,500
Administration / Capital Outlay - New	0	927	927
Administration / Capital Outlay - Replacement	0	344	344
Fiscal / Fringe Benefits	43,132	43,883	751
Fiscal / Purchased Services	14,050	25,716	11,666
Fiscal / Other	1,061,182	1,166,063	104,881
Fiscal / Capital Outlay - Replacement	0	136	136
Operation and Maintenance of Plant / Fringe Benefits	148,014	156,928	8,914
Operation and Maintenance of Plant / Purchased Services	492,855	494,875	2,020
Operation and Maintenance of Plant / Supplies	82,809	83,943	1,134
Operation and Maintenance of Plant / Capital Outlay - New	304	16,205	15,901
Operation and Maintenance of Plant / Capital Outlay - Replacement	0	3,625	3,625
Pupil Transportation / Salaries	404,371	411,107	6,736
Pupil Transportation / Other	114	134	20
Pupil Transportation / Capital Outlay - Replacement	13,318	13,465	147
Pupil Transportation / Purchased Services	37,431	42,107	4,676
Non-Instructional Services / Other	201	300	99
Non-Instructional Services / Fringe Benefits	176	6,371	6,195
Extracurricular Activities / Salaries	151,000	158,095	7,095
Extracurricular Activities / Fringe Benefits	23,330	27,886	4,556

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

**JUNE 30, 1999**  
(Continued)

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS</b>
<b>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>

<b>1999-10621-001 (Continued)</b>	
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**Expenditures Exceed Appropriations (Continued)**

Fund Type/Fund/ Function/ Object	Appropriations	Expenditures	Variance
Extracurricular Activities / Materials and Supplies	385	576	191
Extracurricular Activities / Other	173	185	12
Refund of Prior Year Receipts	7	68,869	68,862
<b>Special Revenue Funds</b>			
Caitlin Stanich Memorial			
Instructional Staff / Materials and Supplies	422	656	234
Principals Fund			
Pupils / Materials and Supplies	33,826	34,836	1,010
Other Grants Fund			
Regular / Purchased Services	1,341	1,600	259
Regular / Materials and Supplies	1,007	1,701	694
Regular / Capital Outlay - New	200	239	39
Operation and Maintenance of Plant / Materials and Supplies	252	300	48
Early Childhood Care - SACC			
Regular / Salaries	49,317	73,472	24,155
Regular Instruction / Fringe Benefits	8,182	12,190	4,008
Regular Instruction / Material and Supplies	3,436	6,234	2,798
Special / Other	1,891	3,117	1,226
Instructional Staff / Purchased Services	97	144	47
Administration / Salaries	13,184	19,641	6,457
Administration / Fringe Benefits	3,269	4,869	1,600
Administration / Purchased Services	230	342	112
Administration / Capital Outlay - New	206	307	101
Non-Instructional Services / Material and Supplies	8,377	12,479	4,102
Recycling Grant Fund			
Regular / Materials and Supplies	273	449	176
Operation and Maintenance of Plant / Material and Supplies	0	109	109
Operation and Maintenance of Plant / Purchased Services	453	677	224
Athletic and Music Fund			
Extracurricular Activities / Materials and Supplies	73,009	78,035	5,026
Extracurricular Activities / Other	8,199	8,291	92
Professional Development Fund			
Regular Instruction / Materials and Supplies	0	780	780
Regular Instruction / Purchased Services	598	2,373	1,775
SACC Grant Fund			
Regular / Material and Supplies	0	4,554	4,554
Regular / Capital Outlay - New	0	7,256	7,256
Pupils / Capital Outlay - New	0	1,200	1,200
Pupils / Purchased Services	0	304	304
Instructional Staff / Purchased Services	0	406	406
Administration / Purchased Services	0	613	613
Administration / Fringe Benefits	0	600	600
Pupil Transportation / Salaries	0	762	762
Pupil Transportation / Fringe Benefits	0	250	250
Education Management Information System			
Administration / Capital Outlay - New	4,225	4,309	84
Fiscal/Capital Outlay - New	0	42	42

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

**JUNE 30, 1999  
(Continued)**

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

**1999-10621-001 (Continued)**

**Expenditures Exceed Appropriations (Continued)**

Fund Type/Fund/ Function/ Object	Appropriations	Expenditures	Excess
Eisenhower			
Regular / Purchased Services	0	1,725	1,725
Regular / Material and Supplies	3,349	6,369	3,020
Title VI-B			
Special / Purchased Services	47,431	50,669	3,238
Special / Materials and Supplies	4,292	4,303	11
Pupils / Purchased Services	11,649	11,952	303
Title I			
Special / Purchased Services	726	925	199
Early Childhood Preschool			
Special / Purchased Services	3,549	3,595	46
Continuous Improvement			
Administration / Purchased Services	0	1,683	1,683
Administration / Materials and Supplies	0	100	100
<b>Capital Projects Funds</b>			
Permanent Improvement Fund			
Administration / Capital Outlay - New	677	1,138	461
Operation and Maintenance of Plant / Capital Outlay - New	5,826	9,945	4,119
SchoolNet Plus Fund			
Operation and Maintenance of Plant / Capital Outlay - New	0	8,998	8,998
Textbook/Instructional Materials Fund			
Regular / Materials and Supplies	0	18,228	18,228
<b>Enterprise Funds</b>			
Food Service Fund			
Purchased Services	26,612	29,262	2,650
<b>Expendable Trust Funds</b>			
Non-Institutional Services / Other	1,867	2,900	1,033
<b>Non-Expendable Trust Fund</b>			
Other	644	1,000	356

The lack of proper monitoring of the budgetary process, could lead to deficit spending and possibly negative fund equity. We recommend the District Treasurer and Board carefully review budgetary activity and make the necessary adjustments to spending accounts to maintain them in a positive position.

**1999-10621-002**

**Appropriations Exceeding Certified Resources**

Ohio Rev. Code Section 5705.39 requires that the total appropriations from each fund should not exceed the total estimated revenue. Additionally, no appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

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

**JUNE 30, 1999**  
**(Continued)**

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

**1999-10621-002 (continued)**

**Appropriations Exceeding Certified Resources (continued)**

The following funds had appropriations which exceeded the total certified resources for Fiscal Year 1999:

Fund Type/Fund	Total Certified Resources	Appropriations	Excess
<b><u>Special Revenue Funds:</u></b>			
Professional Development	\$12,774	\$14,505	\$1,731
Eisenhower Grant Fund	8,447	8,604	157
Title VI Fund	7,282	8,456	1,174
	11,630	12,155	525
<b><u>Capital Projects Funds</u></b>			
Permanent Improvement	343,693	495,019	151,326
Building	152,019	212,509	60,490
SchoolNet Plus	231,735	252,128	20,393

The District must ensure that budgeted spending within funds does not exceed the estimated revenue for such funds. Without such monitoring the District could over spend available resources and end up in a negative cash position for the affected fund.

We recommend that the Treasurer and Board effectively monitor revenue projections to spending limitations, to ensure they comply with Ohio law and that they are not utilizing more resources than available.

**1999-10621-003**

**Reserves**

The District did not set-up reserves for textbooks, capital improvements, and budget stabilization.

The accompanying financial statements have been adjusted to reflect the required reserves.

The District risks not spending the required amounts on textbooks and capital improvements by not setting up the reserves.

We recommend the District set up the reserves at the beginning of the fiscal year to ensure the proper amounts are spent on textbooks and capital improvements and the compliance requirements are met.

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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<b>1999-10621-004</b>	
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**Fixed Asset Policy**

The District does not have a formal fixed asset policy and procedure manual. This weakness could result in errors in the tracking and reporting of the District's assets.

A formal fixed asset policy would allow the District to define the procedures to be followed regarding fixed assets of the District. The policy should address the addition/disposal of assets, inventory of assets, valuation of assets, tracking and tagging of assets, and reporting of assets.

We recommend the District adopt a policy and procedural manual that contains at a minimum the items mentioned above. Reviewing fixed asset manuals of other subdivisions may be helpful.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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**Federal Compliance - Reporting Requirements**

<b>Finding Number</b>	<b>1999-10621-005</b>
<b>CFDA Title and Number</b>	Title VIB - Special Education Grants to States, CFDA #84.027 Special Education - Preschool Grants, CFDA #84.173
<b>Federal Award Number / Year</b>	046755-6B-SF-99P / 07/01/98 - 09/30/99
<b>Pass - Through Agency</b>	Ohio Department of Education Division of Special Education

**Project Cash Requests**

Section (L), Reporting, of the Title VIB Special Education Grant requires project cash requests be submitted four weeks prior to the date when additional funds will be needed.

The Project Cash Requests were submitted in July 1998, March 1999 and July 1999. The request in March 1999 indicates a cash balance of \$0. The request in July 1999 indicates a cash balance of (\$13,331). These cash balances indicate the requests were not made four weeks prior to when funds were needed and also that the federal fund may be in a deficit situation, which represents noncompliance with Ohio law.

The District should monitor the fund cash balance more closely in order to make requests more timely.

**JUNE 30, 1999**  
(Continued)

**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**OMB CIRCULAR A -133 § .315 (b)**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u> ? Y or N	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <b><i>Explain:</i></b>
1998-10621-001	<p>Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated.</p> <p>Expenditures exceeded appropriations at June 30, 1998 for [several] accounts:</p>	N	The District has not yet corrected this area of concern.
1998-10621-002	<p>Ohio Rev. Code Section 5705.39 requires that the total appropriations from each fund should not exceed the total estimated revenue. Additionally, no appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.</p> <p>[Several] funds had appropriations which exceeded the total certified resources for Fiscal Year 1998</p>	N	The District has not yet corrected this area of concern.
1998-10621-003	<p>Ohio Rev. Code Section 135.18 requires that the treasurer of a political subdivision must require the depository to provide as security an amount equal to the funds on deposit at all times.</p> <p>The District's deposits were under collateralized by approximately \$125,000 at June 30, 1998.</p>		Overnight investment is covered by its own pledge. The money left in the bank account is covered by the depository contract and a pledged agreement of \$25,000.

**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**OMB CIRCULAR A -133 § .315 (b)**  
**(Continued)**

Finding Number	Finding Summary	Fully Corrected ? Y or N	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1998-10621-004	The District has inventoried computer systems and/or other electronic equipment necessary to conducting the District's operations. However, the District has not remediated and tested or validated their internal mission critical systems. The HVAC system was determined to be mission critical. Additionally, the District has not made requests of all outside vendors to ensure those vendors are Year 2000 ready. Examples of these vendors include electric companies, phone companies, financial institutions, utility (e.g. Gas, water and sewer) providers, property tax collections, and the State of Ohio.	Y	The District acquired the services of a vendor to run tests on the HVAC systems. No problems were encountered during the Year 2000 rollover.
1998-10621-005	The District did not post all appropriations and estimated receipts to the Uniform Accounting System and did not monitor either actual to budgeted receipts or actual to budgeted expenses.	Y	Posting of all estimated appropriations and estimated receipts has become a District priority. The District is striding to better utilize the Uniform School Accounting System to monitor the financial position of the District.
1998-10621-006	The District does not have a formal fixed asset policy and procedure manual. As a result, numerous adjustments were made to the District's fixed assets ledgers.	N	A District procedure for tracking additions and disposal of fixed assets is in place. These procedures are monitored by building principals and supervisors. A formal fixed asset policy and procedure manual adopted by the Board would allow for better controls. As of this date, the Board has not adopted said policy or manual.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT**

**DELAWARE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 4, 2000**