



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

---

**STATE OF OHIO**





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January 21, 2003

The attached audit was conducted and prepared for release prior to the commencement of my term of office on January 13, 2003. Thus, I am releasing this audit under the signature of my predecessor.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State



**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountant's Report .....	1
Combined Balance Sheet - All Fund Types and Account Groups .....	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds .....	5
Combined Statement of Revenue, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - - All Governmental Fund Types and Expendable Trust Funds .....	6
Combined Statement of Revenues, Expenditures and Changes in Retained Earnings - All Proprietary Fund Types and Non-Expendable Trust Funds .....	9
Combined Statement of Changes in Cash Flows - All Proprietary Fund Types -and Non-Expendable Trust Fund Types .....	10
Notes to the General Purpose Financial Statements .....	11
Schedule of Federal Awards Expenditures .....	35
Notes to Schedule of Federal Award Expenditures .....	36
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	37
Report of Independent Accountants on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	39
Schedule of Findings .....	41

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**INDEPENDENT ACCOUNTANT'S REPORT**

Buckeye Local School District  
Ashtabula County  
3436 Edgewood Drive  
Ashtabula, Ohio 44004

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Buckeye Local School District, Ashtabula County, (the District) as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Buckeye Local School District, Ashtabula County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

December 16, 2002

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**Buckeye Local School District  
Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2002**

	Governmental Fund Types			Proprietary Fund		Fiduciary Fund Types	Account Groups		Totals
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long Term Debt	(Memorandum) (Only)
Assets and Other Debits:									
Equity in Pooled Cash and Cash Equivalents	\$ 3,358,160	389,386	2,295	834,682	39,922	72,615	0	0	\$ 4,697,060
Taxes Receivable	9,499,433	0	70,628	455,139	0	0	0	0	10,025,200
Interfund Receivable	624,236	0	0	0	0	0	0	0	624,236
Intergovernmental Receivables	0	20,493	0	0	35,863	0	0	0	56,356
Accounts Receivable	64,852	942	0	0	189	605	0	0	66,588
Supplies Inventory	74,408	0	0	0	3,453	0	0	0	77,861
Inventory for Resale	0	0	0	0	25,423	0	0	0	25,423
Property, Plant & Equipment	0	0	0	0	206,022	0	10,317,335	0	10,523,357
Accumulated Depreciation, where applicable	0	0	0	0	(123,990)	0	0	0	(123,990)
Amount Available for Debt Service	0	0	0	0	0	0	0	72,923	72,923
Amount to be Provided for Retirement of General Long Term Debt	0	0	0	0	0	0	0	1,367,452	1,367,452
<b>Total Assets and Other Debits</b>	<b>\$ 13,621,089</b>	<b>410,821</b>	<b>72,923</b>	<b>1,289,821</b>	<b>186,882</b>	<b>73,220</b>	<b>10,317,335</b>	<b>1,440,375</b>	<b>\$ 27,412,466</b>

(Continued)

**Buckeye Local School District  
Combined Balance Sheet  
All Fund Types and Account Groups, Continued  
June 30, 2002**

	Governmental Fund Types				Proprietary Fund Enterprise	Fiduciary	Account Groups		Totals (Memorandum) (Only)
	General	Special Revenue	Debt Service	Capital Projects		Trust and Agency	General Fixed Assets	General Long Term Debt	
<b>Liabilities:</b>									
Interfund Payable	\$ 0	25,885	0	598,351	0	0	0	0	\$ 624,236
Intergovernmental Payable	227,140	10,874	0	0	20,531	0	0	126,015	384,560
Claims Payable	711,078	0	0	0	0	0	0	0	711,078
Accounts Payable	2,368	319	0	0	1,090	0	0	0	3,777
Accrued Salaries and Benefits	1,147,247	47,385	0	0	29,198	0	0	0	1,223,830
Deferred Revenue	7,071,780	0	0	347,593	11,898	0	0	0	7,431,271
Due to Others	0	0	0	0	0	27,076	0	0	27,076
Energy Bonds Payable	0	0	0	0	0	0	0	310,000	310,000
Compensated Absences Payable	14,837	0	0	0	33,029	0	0	1,004,360	1,052,226
<b>Total Liabilities</b>	<b>9,174,450</b>	<b>84,463</b>	<b>0</b>	<b>945,944</b>	<b>95,746</b>	<b>27,076</b>	<b>0</b>	<b>1,440,375</b>	<b>11,768,054</b>
<b>Fund Equity and Other Credits:</b>									
Investment in General Fixed Assets	0	0	0	0	0	0	10,317,335	0	10,317,335
Contributed Capital	0	0	0	0	44,018	0	0	0	44,018
Retained Earnings	0	0	0	0	47,118	0	0	0	47,118
<b>Fund Balances:</b>									
Reserved for Inventory	74,408	0	0	0	0	0	0	0	74,408
Reserved for Encumbrances	562,999	70,558	0	803,807	0	0	0	0	1,437,364
Reserved for Property Taxes	2,427,653	0	70,628	107,546	0	0	0	0	2,605,827
Reserved for Endowment	0	0	0	0	0	30,003	0	0	30,003
Unreserved Fund Balance	1,381,579	255,800	2,295	(567,476)	0	16,141	0	0	1,088,339
<b>Total Fund Equity</b>	<b>4,446,639</b>	<b>326,358</b>	<b>72,923</b>	<b>343,877</b>	<b>0</b>	<b>46,144</b>	<b>0</b>	<b>0</b>	<b>5,235,941</b>
<b>Total Fund Balances/Retained Earnings and Other</b>	<b>4,446,639</b>	<b>326,358</b>	<b>72,923</b>	<b>343,877</b>	<b>91,136</b>	<b>46,144</b>	<b>10,317,335</b>	<b>0</b>	<b>15,644,412</b>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<b>\$ 13,621,089</b>	<b>410,821</b>	<b>72,923</b>	<b>1,289,821</b>	<b>186,882</b>	<b>73,220</b>	<b>10,317,335</b>	<b>1,440,375</b>	<b>\$ 27,412,466</b>

See Accompanying Notes to the General Purpose Financial Statements

**Buckeye Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**All Governmental Fund Types and Expendable Trust Funds**  
**Year Ended June 30, 2002**

	Governmental Fund Types				Fiduciary Fund Types	Totals
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust Funds	(Memorandum) (Only)
<b>REVENUES:</b>						
Taxes	\$ 8,647,505	0	69,198	384,718	0	\$ 9,101,421
Tuition	90,980	0	0	0	0	90,980
Transportation Fees	26,058	0	0	0	0	26,058
Earnings on Investments	189,142	0	0	0	112	189,254
Extracurricular Activities	0	75,782	0	0	0	75,782
Miscellaneous	115,605	18,417	0	0	6,400	140,422
Revenue from State Sources						
Unrestricted Grants-in-Aid	5,808,168	23,351	0	55,067	0	5,886,586
Restricted Grants-in-Aid	78,510	187,650	0	67,200	0	333,360
Revenue from Federal Sources						
Restricted Grants-in-Aid	0	511,697	0	0	0	511,697
<b>Total Revenue</b>	<b>14,955,968</b>	<b>816,897</b>	<b>69,198</b>	<b>506,985</b>	<b>6,512</b>	<b>16,355,560</b>
<b>EXPENDITURES:</b>						
Instruction						
Regular	7,945,456	271,332	0	74,620	0	8,291,408
Special	1,047,328	326,782	0	0	0	1,374,110
Vocational	288,537	0	0	0	0	288,537
Adult/Continuing	0	0	0	0	2,900	2,900
Other Instruction	23,399	0	0	0	0	23,399
Supporting Services						
Pupils	584,347	0	0	0	0	584,347
Instructional Staff	283,162	79,793	0	57,473	0	420,428
Board of Education	31,894	0	0	0	0	31,894
Administration	1,250,600	18,750	0	0	0	1,269,350
Fiscal Services	421,665	0	0	7,803	0	429,468
Business Service	97,643	0	0	0	0	97,643
Operation & Maintenance-Plant	1,717,599	2,245	0	0	0	1,719,844
Pupil Transportation	792,418	0	0	55,115	0	847,533
Central Services	126,006	14,278	0	0	0	140,284
Extracurricular Activities						
Academic & Subject Oriented	26,363	11,633	0	0	0	37,996
Occupation Oriented Activities	7,221	0	0	0	0	7,221
Sports Oriented Activities	254,075	110,155	0	0	0	364,230
Co-Curricular Activities	20,900	10,612	0	0	0	31,512
Capital Outlay-Other Facility Acq. & Const.	144,499	0	0	376,137	0	520,636
Debt Service						
Repayment of Principal	0	0	55,000	0	0	55,000
Interest Payment	0	0	18,515	0	0	18,515
<b>Total Expenditures</b>	<b>15,063,112</b>	<b>845,580</b>	<b>73,515</b>	<b>571,148</b>	<b>2,900</b>	<b>16,556,255</b>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(107,144)	(28,683)	(4,317)	(64,163)	3,612	(200,695)
Other Financing Sources and Uses:						
Sale and Loss of Assets	2,394	0	0	0	0	2,394
Transfers-In	0	37,997	0	0	0	37,997
Refund of Prior Years' Expenditures	3,444	(12,539)	0	0	0	(9,095)
Transfers-Out	(103,820)	0	0	0	0	(103,820)
Refund of Prior Years' Receipts	(1,150,885)	0	0	0	0	(1,150,885)
Net Other Financing Sources and Uses	(1,248,867)	25,458	0	0	0	(1,223,409)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(1,356,011)	(3,225)	(4,317)	(64,163)	3,612	(1,424,104)
Increase in Inventory	25,349	0	0	0	0	25,349
Beginning Fund Balance, as restated	5,777,301	329,583	77,240	408,040	8,109	6,600,273
Ending Fund Balance	\$ 4,446,639	\$ 326,358	\$ 72,923	\$ 343,877	\$ 11,721	\$ 5,201,518

See Accompanying Notes to the General Purpose Financial Statements.

**Buckeye Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types and Expendable Trust Funds**  
**Year Ended June 30, 2002**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 9,410,615	9,410,615	0	0	0	\$ 0
Tuition	90,980	90,980	0	0	0	0
Transportation Fees	26,058	26,058	0	0	0	0
Earnings on Investment	155,888	155,888	0	0	0	0
Extracurricular Activities	0	0	0	75,281	75,281	0
Miscellaneous	113,867	113,867	0	18,166	18,166	0
State Unrestricted Grants-in-Aid	5,808,168	5,808,168	0	23,351	23,351	0
State Restricted Grants-in-Aid	78,510	78,510	0	184,967	184,967	0
Federal Restricted Grants-in-Aid	0	0	0	495,584	495,584	0
<b>Total Revenue</b>	<b>15,684,086</b>	<b>15,684,086</b>	<b>0</b>	<b>797,349</b>	<b>797,349</b>	<b>0</b>
Expenditures:						
Regular Instruction	8,375,198	8,375,198	0	449,636	320,058	129,578
Special Instruction	1,047,727	1,047,727	0	413,943	328,267	85,676
Vocational Instruction	306,144	306,144	0	0	0	0
Adult/Continuing Instruction	0	0	0	0	0	0
Other Instruction	23,399	23,399	0	0	0	0
Support Services-Pupils	583,627	583,627	0	0	0	0
Support Services-Instructional Staff	310,654	310,654	0	104,486	89,964	14,522
Support Services-Board of Education	32,246	32,246	0	0	0	0
Support Services-Administration	1,264,720	1,264,720	0	20,450	18,750	1,700
Support Services-Fiscal	442,258	442,229	29	0	0	0
Support Services-Business	102,481	102,481	0	0	0	0
Support Services-Operation & Main.	1,744,441	1,744,441	0	2,435	2,245	190
Support Services-Transportation	806,404	806,404	0	1,500	0	1,500
Support Services-Central	166,807	166,807	0	18,128	16,551	1,577
Extracurricular Activities						
Academic & Subject Oriented	27,061	27,061	0	24,169	11,615	12,554
Occupation Oriented Activities	7,221	7,221	0	0	0	0
Sports Oriented	256,902	256,902	0	183,684	123,611	60,073
Co-Curricular Activities	20,377	20,377	0	24,156	11,757	12,399
Facilities Acquisition & Construction	163,388	163,388	0	0	0	0
Debt Service						
Repayment of Debt	0	0	0	0	0	0
Interest Payment	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>15,681,055</b>	<b>15,681,026</b>	<b>29</b>	<b>1,242,587</b>	<b>922,818</b>	<b>319,769</b>
Excess of Revenue Over (Under) Expenditures	3,031	3,060	29	(445,238)	(125,469)	319,769
Other Financing Sources (Uses):						
Sale & Loss of Assets	2,084	2,084	0	0	0	0
Transfers-In	0	0	0	37,997	37,997	0
Advances-In	23,148	23,148	0	25,885	25,885	0
Refund of Prior Years Expenses	760	760	0	(12,539)	(12,539)	0
Transfers-Out	(103,820)	(103,820)	0	0	0	0
Advances-Out	(624,236)	(624,236)	0	(4,838)	(4,838)	0
<b>Total Financing Sources (Uses)</b>	<b>(702,064)</b>	<b>(702,064)</b>	<b>0</b>	<b>46,505</b>	<b>46,505</b>	<b>0</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(699,033)	(699,004)	29	(398,733)	(78,964)	319,769
Beginning Fund Balance	2,477,239	2,477,239	0	338,590	338,590	0
Prior Year Carry Over Encumbrances	307,054	307,054	0	60,138	60,138	0
<b>Ending Fund Balance</b>	<b>\$ 2,085,260</b>	<b>2,085,289</b>	<b>29</b>	<b>(5)</b>	<b>319,764</b>	<b>\$ 319,769</b>

(Continued)

**Buckeye Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types and Expendable Trust Funds - Continued**  
**Year Ended June 30, 2002**

	Debt Service Funds			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 72,085	72,085	0	416,038	416,038	\$ 0
Tuition	0	0	0	0	0	0
Transportation Fees	0	0	0	0	0	0
Earnings on Investment	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
State Unrestricted Grants-in-Aid	0	0	0	55,067	55,067	0
State Restricted Grants-in-Aid	0	0	0	67,200	67,200	0
Federal Restricted Grants-in-Aid	0	0	0	0	0	0
Total Revenue	72,085	72,085	0	538,305	538,305	0
Expenditures:						
Regular Instruction	0	0	0	89,267	74,620	14,647
Special Instruction	0	0	0	0	0	0
Vocational Instruction	0	0	0	0	0	0
Adult/Continuing Instruction	0	0	0	0	0	0
Other Instruction	0	0	0	0	0	0
Support Services-Pupils	0	0	0	0	0	0
Support Services-Instructional Staff	0	0	0	73,700	57,473	16,227
Support Services-Board of Education	0	0	0	0	0	0
Support Services-Administration	0	0	0	0	0	0
Support Services-Fiscal Services	0	0	0	7,803	7,803	0
Support Services-Business	0	0	0	0	0	0
Support Services-Operation & Main.	0	0	0	0	0	0
Support Services-Transportation	0	0	0	55,115	55,115	0
Support Services-Central	0	0	0	0	0	0
Extracurricular Activities						
Academic & Subject Oriented	0	0	0	0	0	0
Occupation Oriented	0	0	0	0	0	0
Sports Oriented	0	0	0	0	0	0
Co-Curricular Activities	0	0	0	0	0	0
Facilities Acquisition & Construction	0	0	0	1,207,498	1,207,498	0
Debt Service						
Repayment of Debt	55,000	55,000	0	0	0	0
Interest Payment	18,515	18,515	0	0	0	0
Total Expenditures	73,515	73,515	0	1,433,383	1,402,509	30,874
Excess of Revenue Over (Under) Expenditures	(1,430)	(1,430)	0	(895,078)	(864,204)	30,874
Other Financing Sources (Uses):						
Sale & Loss of Assets	0	0	0	0	0	0
Transfers-In	0	0	0	0	0	0
Advances-In	0	0	0	598,352	598,352	0
Refund of Prior Years Expenses	0	0	0	0	0	0
Transfers-Out	0	0	0	0	0	0
Advances-Out	0	0	0	(18,309)	(18,309)	0
Total Financing Sources (Uses)	0	0	0	580,043	580,043	0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,430)	(1,430)	0	(315,035)	(284,161)	30,874
Beginning Fund Balance	3,725	3,725	0	237,854	237,854	0
Prior Year Carry Over Encumbrances	0	0	0	77,181	77,181	0
Ending Fund Balance	\$ 2,295	2,295	0	0	30,874	\$ 30,874

(Continued)

**Buckeye Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types and Expendable Trust Funds - Continued**  
**Year Ended June 30, 2002**

	Expendable Trust Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 0	0	0	9,898,738	9,898,738	\$ 0
Tuition	0	0	0	90,980	90,980	0
Transportation Feed	0	0	0	26,058	26,058	0
Earnings on Investment	112	112	0	156,000	156,000	0
Extracurricular Activities	0	0	0	75,281	75,281	0
Miscellaneous	6,400	6,400	0	138,433	138,433	0
State Unrestricted Grants-in-Aid	0	0	0	5,886,586	5,886,586	0
State Restricted Grants-in-Aid	0	0	0	330,677	330,677	0
Federal Restricted Grants-in-Aid	0	0	0	495,584	495,584	0
<b>Total Revenue</b>	<b>6,512</b>	<b>6,512</b>	<b>0</b>	<b>17,098,337</b>	<b>17,098,337</b>	<b>0</b>
Expenditures:						
Regular Instruction	0	0	0	8,914,101	8,769,876	144,225
Special Instruction	0	0	0	1,461,670	1,375,994	85,676
Vocational Instruction	0	0	0	306,144	306,144	0
Adult/Continuing Instruction	2,900	2,900	0	2,900	2,900	0
Other Instruction	0	0	0	23,399	23,399	0
Support Services-Pupils	0	0	0	583,627	583,627	0
Support Services-Instructional Staff	0	0	0	488,840	458,091	30,749
Support Services-Board of Education	0	0	0	32,246	32,246	0
Support Services-Administration	0	0	0	1,285,170	1,283,470	1,700
Support Services-Fiscal Services	0	0	0	450,061	450,032	29
Support Services-Business	0	0	0	102,481	102,481	0
Support Services-Operation & Main.	0	0	0	1,746,876	1,746,686	190
Support Services-Transportation	0	0	0	863,019	861,519	1,500
Support Services-Central	0	0	0	184,935	183,358	1,577
Extracurricular Activities						
Academic & Subject Oriented	0	0	0	51,230	38,676	12,554
Occupation Oriented	0	0	0	7,221	7,221	0
Sports Oriented	0	0	0	440,586	380,513	60,073
Co-Curricular Activities	0	0	0	44,533	32,134	12,399
Facilities Acquisition & Construction	0	0	0	1,370,886	1,370,886	0
Debt Service						
Repayment of Debt	0	0	0	55,000	55,000	0
Interest Payment	0	0	0	18,515	18,515	0
<b>Total Expenditures</b>	<b>2,900</b>	<b>2,900</b>	<b>0</b>	<b>18,433,440</b>	<b>18,082,768</b>	<b>350,672</b>
Excess of Revenue Over (Under) Expenditures	3,612	3,612	0	(1,335,103)	(984,431)	350,672
Other Financing Sources (Uses):						
Sale & Loss of Assets	0	0	0	2,084	2,084	0
Transfers-In	0	0	0	37,997	37,997	0
Advances-In	0	0	0	647,385	647,385	0
Refund of Prior Years Expenses	0	0	0	(11,779)	(11,779)	0
Transfers-Out	0	0	0	(103,820)	(103,820)	0
Advances-Out	0	0	0	(647,383)	(647,383)	0
<b>Total Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(75,516)</b>	<b>(75,516)</b>	<b>0</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	3,612	3,612	0	(1,410,619)	(1,059,947)	350,672
Beginning Fund Balance	8,107	8,107	0	3,065,515	3,065,515	0
Prior Year Carry Over Encumbrances	0	0	0	444,373	444,373	0
<b>Ending Fund Balance</b>	<b>\$ 11,719</b>	<b>11,719</b>	<b>0</b>	<b>2,099,269</b>	<b>2,449,941</b>	<b>\$ 350,672</b>

See Accompanying Notes to the General Purpose Financial Statements.

**Buckeye Local School District**  
**Combined Statement of Revenues, Expenses, and Changes in Retained Earnings**  
**All Proprietary Fund Types and Non-Expendable Trust Funds**  
**Year Ended June 30, 2002**

	Proprietary Fund Types	Fiduciary Fund Type	Totals (Memorandum) (Only)
	Enterprise Funds	Non-Expendable Trust Funds	
Operating Revenues:			
Food Services	\$ 455,146	0	\$ 455,146
Classroom Materials & Fees	49,594	0	49,594
Earnings On Investments	0	892	892
Total Operating Revenues	<u>504,740</u>	<u>892</u>	<u>505,632</u>
Operating Expenses:			
Personal Services - Salary	296,093	0	296,093
Employee Benefits	189,827	0	189,827
Purchased Services	37,737	0	37,737
Supplies and Materials	363,124	0	363,124
Other Operating Expenses	0	1,625	1,625
Depreciation	6,319	0	6,319
Total Operating Expenses	<u>893,100</u>	<u>1,625</u>	<u>894,725</u>
Operating Income (Loss)	(388,360)	(733)	(389,093)
Non-Operating Revenues:			
Loss on Sale of Assets	(217)	0	(217)
State Restricted Grants-in-Aid	12,707	0	12,707
Federal Unrestricted-Grants-in-Aid	253,661	0	253,661
Federal Restricted Grants-in-Aid	47,041	0	47,041
Total Non-Operating Revenues	<u>313,192</u>	<u>0</u>	<u>313,192</u>
Net Income (Loss) Before Operating Transfers	(75,168)	(733)	(75,901)
Transfers-In	<u>65,822</u>	<u>0</u>	<u>65,822</u>
Total Transfers	65,822	0	65,822
Net Income (Loss)	(9,346)	(733)	(10,079)
Beginning Retained Earnings, as restated	<u>56,464</u>	<u>35,156</u>	<u>91,620</u>
Retained Earnings at End of Year	<u>\$ 47,118</u>	<u>34,423</u>	<u>\$ 81,541</u>
Total Fund Equity at End of Year	<u>\$ 47,118</u>	<u>34,423</u>	<u>\$ 81,541</u>

See Accompanying Notes to the General Purpose Financial Statements.

**Buckeye Local School District**  
**Combined Statement of Changes in Cash Flows**  
**All Proprietary Fund Types and Non-Expendable Trust Funds**  
**Year Ended June 30, 2002**

	Proprietary Fund Types	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise Funds	Non- Expendable Trust Fund	
Cash Flows from Operating Activities			
Operating Gain (Loss)	\$ (388,360)	(733)	\$ (389,093)
Adjustment to Reconcile Operating Gain (Loss)			
To Net Cash used in Operating Activities:			
Depreciation	6,319	0	6,319
Net (Increase) Decrease in Assets:			
Intergovernmental Receivable	(6,434)	0	(6,434)
Accounts Receivable	511	0	511
Inventory	(516)	0	(516)
Net Increases (Decreases) in Liabilities:			
Accounts Payable	(1,077)	0	(1,077)
Intergovernmental Payable	(2,967)	0	(2,967)
Deferred Revenue	98	0	98
Accrued Wages and Benefits	3,808	0	3,808
Compensated Absences	3,828	0	3,828
Total Adjustments	<u>3,570</u>	<u>0</u>	<u>3,570</u>
Net Cash Used in Operating Activities	(384,790)	(733)	(385,523)
Cash Flows from Noncapital Financing Activities:			
Grants from State Sources	12,707	0	12,707
Grants from Federal Sources	300,702	0	300,702
Net Transfers	65,822	0	65,822
Net Cash Provided by Noncapital Financing Activities	<u>379,231</u>	<u>0</u>	<u>379,231</u>
Cash Flows Used for Capital Financing Activities:			
Acquisition of Capital Assets	(23,544)	0	(23,544)
Net Cash Used for Capital Financing Activities	<u>(23,544)</u>	<u>0</u>	<u>(23,544)</u>
Net Increase in Cash & Cash Equivalents	(29,103)	(733)	(29,836)
Cash and Cash Equivalents at Beginning of Year, as restated	69,025	35,156	104,181
Cash and Cash Equivalents at End of Year	<u>\$ 39,922</u>	<u>34,423</u>	<u>\$ 74,345</u>

See Accompanying Notes to General Purpose Financial Statements.



**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002**

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**Note 1. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

Average daily membership (ADM) as of October 1, 2001, was 2,269. The District employed 136 certified employees and 106 non-certificated employees. The District is supervised by the Ashtabula County Educational Service Center, a separate entity.

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

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

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

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

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

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

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

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

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

**B. Fund Accounting**

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

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

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

Governmental Fund Types

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

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

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

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

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

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

Proprietary Fund Types

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

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

Fiduciary Fund Types

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

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

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

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

Account Groups

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

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

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

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus/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.

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

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

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year. The available period for the District is sixty days after fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

The District reports deferred revenues on its combined balance sheet that arise when revenue does not meet both the measurable and available criteria 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, 2002 that are intended to finance fiscal year 2003 operations, and delinquent property taxes, whose availability is indeterminable 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 proprietary fund type and nonexpendable trust funds utilize the full accrual basis of accounting for reporting purposes. 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 federal non-operating revenue.

**D. Budget and Budgetary Accounting**

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

- 1) A Tax Budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20th of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at its regular board meeting in January. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.
- 2) The County Budget Commission certifies its actions to the District by March 1st. As part of this certification, the District receives the Official Certificate of Estimated Resources which states the projected receipts of each fund. During the month of July, this certificate is amended to include any unencumbered balances from the preceding fiscal year.
- 3) An annual appropriation measure must be passed by the Board of Education by October 1st of each year for the period July 1st to June 30th. Unencumbered appropriations lapse at year-end and the encumbered balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Board of Education usually adopts temporary appropriations at its regular board meeting in June. The Annual Appropriation Resolution is usually adopted at the September regular board meeting. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the object level.

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

- 4) The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Non-GAAP Basis)--All Governmental Fund Types and Expendable Trust Funds" to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis of accounting and GAAP are that:
- a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
  - b) Expenditures are recorded when encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis);
  - c) Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis);
  - d) For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP);
  - e) Proceeds from and principal payment on bond and tax anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis); and
  - f) Short-term note debt is paid from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

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

**E. Cash and Investments**

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

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2002.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. For the District, all investment earnings accrue to the General Fund, Expendable and Non-expendable Trust Fund, as authorized by board resolution. Interest income earned in fiscal year 2002 totaled \$190,147.

**F. Taxes Receivable**

The financial statements reflect taxes receivable as of June 30, 2002. GAAP permits the recognition of revenue from any property tax assessment in the fiscal period levied, provided the funds are "available." "Available" means then due, or past due and receivable within the current period or expected to be collected soon thereafter. While these taxes have been assessed, the majority are not due at June 30, 2002 and accordingly have been recorded as deferred revenue in the accompanying financial statements. Taxes that become delinquent remain recorded in deferred revenue until they are determined to be uncollectible.

**G. Inventories**

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

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recognized under the nonallocation method. The nonallocation method of prepayments and deferrals is consistent with the basic governmental concept that only expendable financial resources are reported by a specific governmental fund. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the nonallocation method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required.

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**I. Fixed Assets**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

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

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

**J. Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from Other Funds" or "Due to Other Funds." Short-term interfund loans are classified as "Interfund Receivables/Payables." At June 30, 2002, the District had \$624,236 in "Interfund Receivables/Payables."

**K. Advances to Other Funds**

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicated that they do not constitute expendable available financial resources and therefore are not available for appropriation. At June 30, 2002 the District had no long-term interfund loans.

**L. Compensated Absences**

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



**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

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

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

**M. Contributed Capital**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. The assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to retained earnings at year end. Designated fund balances represent tentative plans for future use of financial resources. At June 30, 2002, the District had \$44,018 in contributed capital.

**N. Long-Term Obligations**

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

**O. Interfund Transactions**

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. Transfers-in do not equal Transfers-out since Agency Fund Transfers are not reflected in the accompanying financial statements.

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**P. Fund Balance Reserves**

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

**Q. 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.

**R. Memorandum Only - Total Columns**

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

**Note 2. Budgetary Basis of Accounting**

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

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

	Governmental Fund Types Fiduciary Fund			
	General Fund	Special Revenue	Debt Service	Capital Project
GAAP Basis	\$(1,356,011)	(3,225)	(4,317)	\$ (64,163)
Increase (Decrease):				
Due to Revenues:				
Net Adjustments to Revenue Accruals	728,118	(19,548)	2,887	31,320
Due to Expenditures:				
Net Adjustments to Expenditure Accruals	(617,914)	(77,238)	0	(831,361)
Due to Other Sources/Uses	546,803	21,047	0	580,043
Budget Basis	<u>\$ (699,004)</u>	<u>(78,964)</u>	<u>(1,430)</u>	<u>\$ (284,161)</u>

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**Note 3. Cash and Investments**

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**Note 3. Cash 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 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.

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

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

**Deposits** At fiscal year end, the carrying amount of the District's deposits was \$194,855 and the bank balance was \$219,853. Of the balance, \$200,000 was covered by Federal Depository Insurance and \$19,853 was uninsured, but collateralized with securities held by the pledging financial institution's trust department or agent not in the District's name. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

**Petty Cash on Hand** At fiscal year end, the District had \$25 in petty cash on hand which is included on the balance sheet of the District as part of the "equity in pooled cash and cash equivalents."

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

	Category			Carrying Value	Fair Value
	1	2	3		
Federal Agency Securities	\$ 0	0	\$ 2,003,335	\$ 2,003,335	\$ 1,985,645
Certificate of Deposit	0	1,000,000	0	1,000,000	1,000,000
STAR Ohio	0	0	1,498,845	1,498,845	1,498,845
Total Investments	<u>\$ 0</u>	<u>1,000,000</u>	<u>3,502,180</u>	<u>\$ 4,502,180</u>	<u>\$ 4,484,490</u>

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**Note 3. Cash and Investments (continued)**

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9 entitled, *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<b>Cash and Cash Equivalents</b>	<b>Investments</b>
GASB Statement No. 9	\$ 4,697,060	\$ 0
Investments:		
Federal Agency Securities	(2,003,335)	2,003,335
Certificate of Deposit	(1,000,000)	1,000,000
STAR Ohio	(1,498,845)	1,498,845
Total	194,880	4,502,180
Cash on Hand	(25)	0
GASB Statement No. 3	\$ 194,855	\$ 4,502,180

**Note 4. Property Tax**

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Ashtabula County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation for the District was completed in 2002, an update will be done in 2005. The next revaluation is scheduled for 2008.

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

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

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**Note 4. Property Tax - (continued)**

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

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

The full tax rate at the fiscal year ended June 30, 2002 for operations was \$41.71 per \$1,000 of assessed valuation and for permanent improvements, \$1.90 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the fiscal year 2002 taxes were collected were as follows:

<u>2000-2001 Assessed Values</u>		<u>2001-2002 Assessed Values</u>	
Real Property-Com/Industrial	\$ 51,904,460	Real Property-Com/Industrial	\$ 123,804,620
Real Property-Res/Agri.	121,426,550	Real Property-Res/Agri.	54,894,220
Real Property-Public Utilities	145,170	Real Property-Public Utilities	133,440
Personal Property-General	71,866,400	Personal Property-General	82,395,390
Personal Property-Public Utilities	<u>55,376,360</u>	Personal Property-Public	<u>30,716,990</u>
Total Assessed Value	<u><u>\$ 300,718,940</u></u>	Total Assessed Value	<u><u>\$ 291,944,660</u></u>

**Note 5. Receivables**

Receivables at June 30, 2002 consisted of taxes, accounts (miscellaneous), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of Federal funds.

A summary of the principal items of Intergovernmental Receivables follows:

Special Revenue Funds:	
SchoolNet Professional Development	\$ 3,450
Title II	1,425
Title VI-B	<u>15,618</u>
Total Special Revenue Funds	20,493
Proprietary Fund:	
Federal Lunch Reimbursement	<u>35,863</u>
Total Proprietary Fund	<u>35,863</u>
Grand Total	<u><u>\$ 56,356</u></u>

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**Note 6. Fixed Assets**

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 2002:

	General Fixed Assets July 1, 2001	Additions	Deletions	General Fixed Assets June 30, 2002
Land & Land Improvements	\$ 390,052	0	0	\$ 390,052
Buildings & Bldg. Improvements	4,955,980	51,305	5,000	5,002,285
Furniture, Fixtures & Equipment	3,684,253	78,438	387,944	3,374,747
Vehicles	1,501,843	152,124	103,716	1,550,251
<b>Total General Fixed Assets</b>	<b>\$ 10,532,128</b>	<b>281,867</b>	<b>496,660</b>	<b>\$ 10,317,335</b>

The following is a summary of the proprietary funds property, plant and equipment at June 30, 2002:

Enterprise Fund	June 30, 2002
Furniture and Equipment	\$ 206,022
Less Accumulated Depreciation	(123,990)
<b>Net Fixed Assets</b>	<b>\$ 82,032</b>

**Note 7. Defined Benefit Pension Plans**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**Note 7. Defined Benefit Pension Plans (continued)**

used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$304,320, \$333,168 and \$298,836, respectively; 44.43 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$190,320 representing the unpaid contribution for fiscal year 2002, including the surcharge, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

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

For the fiscal year ended June 30, 2002, plan members are required to contribute 9.3 percent of their annual covered salaries. The District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000 (the latest information available), 6 percent was 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 District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$985,440, \$1,021,008 and \$873,624, respectively; 83.33 percent has been contributed for fiscal year 2002, and 100 percent for fiscal years 2001 and 2000. \$164,238 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

**Note 8. Postemployment Benefits**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001 (the latest information available), the STRS Board allocated



**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**Note 8. Postemployment Benefits(continued)**

employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund, a decrease of 3.5 percent for fiscal year 2001. For the District, this amount equaled \$316,749 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent for fiscal year 2002. 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 2002, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including surcharge, during the 2002 fiscal year equaled \$223,793.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2002, were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS has approximately 50,000 participants receiving health care benefits.

**Note 9. Compensated Absences**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (11 and 12 month) are eligible for vacation time. The number of days granted is determined upon length of service. For fiscal year 2002, the superintendent and treasurer were granted twenty days of vacation.

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

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**Note 9. Compensated Absences (continued)**

The classified personnel accumulate vacation based on the following schedule:

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

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis; certified employees, 290 days and classified employees, 285 days

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

**Note 10. Risk Management**

**A. General Risk**

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

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

The District maintains fleet insurance in the amount of \$1,000,000 for any one accident or loss and \$5,000,000 in the aggregate and an additional \$2,000,000 in uninsured motorists coverage. The District maintains replacement cost insurance on buildings and contents in the amount of \$46,473,200; musical instruments, \$400,000; and, computers and electronic equipment, \$1,000,000.

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

**B. Workers' Compensation**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), and insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**Note 10. Risk Management (continued)**

of the Ohio School Boards Association (OSBA). The Executive Director of OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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

**C. Health Insurance**

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

**Note 11. Notes and Long-Term Debt**

A summary of changes in long-term obligations for the year ended June 30, 2002, are as follows:

	Balance July 1, 2001	Additions	Deletions	Balance June 30, 2002
Intergovernmental Payable	\$ 134,750	126,015	134,750	\$ 126,015
Energy Conservation Bonds	365,000	0	55,000	310,000
Compensated Absences Payable	1,145,642	1,004,36	1,145,642	1,004,360
	<u>\$ 1,645,392</u>	<u>1,130,37</u>	<u>1,335,392</u>	<u>\$ 1,440,375</u>

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

The Ohio Revised Code (ORC) provides that the net debt of a school district, whether or not approved by the people, shall not exceed 9.0% of the total value of all property in the District as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed .1% of the total assessed value of property. The District has no unvoted debt. The District's unvoted debt limit is \$291,945. The voted debt limit at June 30, 2002 is \$26,275,019.

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

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

Energy Bonds:

The District issued Energy Conservation Bonds in the amount of \$558,125 on July 15, 1996. The bonds mature in December 2006 and have an average interest rate of 5.7%. The annual maturities of the general obligation bonds as of June 30, 2002, and related interest payments are as follows:

	Principal	Interest	Payment
FY 2003	\$ 55,000	15,628	\$ 70,628
FY 2004	60,000	12,550	72,550
FY 2005	60,000	9,280	69,280
FY 2006	65,000	1,995	66,995
FY 2007	70,000	0	70,000
	<u>\$ 310,000</u>	<u>39,453</u>	<u>\$ 349,453</u>

**Note 12. Interfund Transactions**

At June 30, 2002, the District had short-term interfund loans which are classified as "Interfund receivables/payables." Receivables and payables resulting from goods provided or services rendered are classified as "Due from/to other funds." An analysis of interfund balances is as follows:

Interfund Receivables/Interfund Payables:

	Receivables	Payables
General Fund	\$ 624,236	\$ 0
Special Revenue Fund	0	25,885
Capital Projects Fund	0	598,351
	<u>\$ 624,236</u>	<u>\$ 624,236</u>

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**Note 13. Segments of Enterprise Activities**

Key financial data for the District's Enterprise Funds for the year ended June 30, 2002, are as follows:

	Lunchroom Fund	Uniform School Supply Fund	Total
Operating Revenues	\$ 455,146	49,594	\$ 504,740
Operating Expenses:			
Depreciation	(6,319)	0	(6,319)
Other Expenses	(833,211)	(53,570)	(886,781)
Total Operating Expenses	(839,530)	(53,570)	(893,100)
Operating Loss	(384,384)	(3,976)	(388,360)
Non Operating Revenues and Expenses.			
Grants	313,409	0	313,409
Loss on Disposal of Assets	(217)	0	(217)
Transfers-In/Out	65,822	0	65,822
Net Loss	<u>\$ (5,370)</u>	<u>(3,976)</u>	<u>\$ (9,346)</u>
Net Working Capital	<u>\$ (17,179)</u>	<u>26,284</u>	<u>\$ 9,105</u>
Contributed Capital	<u>\$ 44,018</u>	<u>0</u>	<u>\$ 44,018</u>
Total Assets	<u>\$ 160,598</u>	<u>26,284</u>	<u>\$ 186,882</u>
Total Fund Equity	<u>\$ 20,834</u>	<u>26,284</u>	<u>\$ 47,118</u>
Total Fixed Asset Additions	<u>\$ 23,544</u>	<u>0</u>	<u>\$ 23,544</u>

**Note 14. Jointly Governed Organizations and Public Entity Risk Pools**

Northeast Ohio Management Information Network- (NEOMIN) is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts support NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County districts, and a treasurer from each county. The District was not represented on the Governing Board during fiscal year 2002. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained from the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio, 44481.

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

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

Ashtabula County Schools Council of Governments

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

Ashtabula County Joint Vocational School District

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

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

**Note 15. Contingencies**

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2002.

B. Litigation

The District is not party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2002.

**Note 16. School Funding Decision**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...".

The District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**Note 17. Millennium Inorganic Corporation Tax Refund Escrow Fund**

In anticipation of a pollution control equipment tax refund to the Millennium Inorganic Corporation, the District has set aside, within the general fund, the estimated tax refund of \$711,078. The Corporation has paid these taxes since 1993; figures used in the calculation of the refund were provided by Millennium Inorganic Corporation. The District has refunded \$439,807 and an additional partial refund is expected to occur within the next year.

**Note 18. Statutory Reserves**

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

Effective April 10, 2001, Am. Sub. Senate Bill 345 amended ORC Section 5705.29 (h), effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. As of June 30, 2002, the District had taken action to eliminate this reserve in accordance with Am. Sub. Senate Bill 345.

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

	Textbook Reserve	Capital Maintenance Reserve	Total
Set-Aside Cash Balance, 7/1/2001	\$ 0	\$ 0	\$ 0
Carryover Credit from Prior Year	(9,262)	0	(9,262)
Required Set Aside	280,560	280,560	561,120
Qualifying Offsets	0	(471,106)	(471,106)
Qualifying Expenditures	(330,563)	(466,786)	(797,349)
Totals	<u>\$ (59,265)</u>	<u>\$ (657,332)</u>	<u>\$ (716,597)</u>
Set-Aside Cash Balance, 6/30/2002	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Expenditures in the Textbook Reserve were \$330,563, exceeding the required set aside and carryover credit by \$59,265. In the Capital Maintenance Reserve, expenditures exceeded the required set aside by \$657,332.

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**Note 19. Fund Deficits**

Fund balances at June 30, 2002, included the following individual fund deficit:

Title VI-R	\$ (10,409)
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This deficit resulted from the conversion to generally accepted accounting principles and adjustments for accrued liabilities. The District is aware of the deficit and will take the necessary steps to alleviate the deficit. The general fund is liable for any deficits and provides operating transfers when cash is required, not when accruals occur.

**Note 20. Restatement of Fund Balances/Retained Earnings**

In prior years, the District reported the funds set aside for the Millennium Inorganic Corporation tax refund in an agency fund. Effective July 1, 2001, this set aside was reclassified to the General Fund of the District. Therefore, the July 2, 2001 beginning balance in the General Fund reflects an increase of 1,150,885 and the beginning retained earnings in the Agency fund reflects a decrease of \$1,150,885. Also in prior years, the District classified two expendable trust funds as non-expendable trust funds. To correct this error, the Follett Scholarship fund and the French Club fund have been reclassified from non-expendable to expendable trust funds. The net effect on the beginning retained earnings of the non-expendable trust funds is a decrease of \$4,532 and an increase of \$4,532 to the beginning fund balance of the expendable trust funds.



**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2002**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through The Ohio Department of Education.</i>						
<i>Nutrition Cluster:</i>						
Food Distribution Program	N/A	10.550	-	\$47,138	-	\$47,241
School Breakfast Program	05-PU 2001 05-PU 2002	10.553	\$ 9,272 28,961	- -	\$ 9,272 28,961	- -
<b>Subtotal -- School Breakfast Program</b>			<b>38,233</b>	<b>-</b>	<b>38,233</b>	<b>-</b>
National School Lunch Program	LL-P1-2001 LL-P4-2001 LL-P4-2002	10.555	30,246 18,131 160,620	- - -	30,246 18,131 160,620	- - -
<b>Subtotal -- School National School Lunch Program</b>			<b>208,997</b>	<b>-</b>	<b>208,997</b>	<b>-</b>
<b>Total U.S. Department of Agriculture -- Nutrition Cluster</b>			<b>\$ 247,230</b>	<b>\$ 47,138</b>	<b>\$ 247,230</b>	<b>\$ 47,241</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through The Ohio Department of Education.</i>						
Grants to Local Educational Agencies Title I School Subsidy	C1-S1 02 C1-S1 02 C1-SD 02	84.010	319,055 17,640	-	82,755 248,399 19,215	-
<b>Total -- Title I School Subsidy</b>			<b>336,695</b>	<b>-</b>	<b>350,369</b>	<b>-</b>
Comprehensive School Reform Demonstration	RF-S1-00 RF-S1-02	84.332	- 50,000	-	12,125 47,656	-
<b>Total -- Comprehensive School Reform Demonstrator</b>			<b>50,000</b>	<b>-</b>	<b>59,781</b>	<b>-</b>
<b>Safe and Drug Free Schools Grant</b>	DR-S1-2002	84.186	<b>9,113</b>	<b>-</b>	<b>9,113</b>	<b>-</b>
<b>Eisenhower Professional Development Grant</b>	MS-S1-2002	84.281	<b>12,565</b>	<b>-</b>	<b>13,961</b>	<b>-</b>
Innovative Education Program Strategies Chapter 2 Subsidy	CS-S1 2000 CS-S1 2001 CS-S1 2002	84.298	- - 9,383	-	2,492 2,044 4,744	-
<b>Total -- Chapter 2 Subsidy</b>			<b>9,383</b>	<b>-</b>	<b>9,280</b>	<b>-</b>
Class Size Reduction Subsidy Title VI - R	CR-S1 00 CR-S1 01 CR-S1 02	84.340	75,670	-	7,783 11,857 72,371	-
<b>Total - Title VI - R</b>			<b>75,670</b>	<b>-</b>	<b>92,011</b>	<b>-</b>
<b>Total -- U.S. Department of Education</b>			<b>\$ 493,426</b>	<b>\$ 47,138</b>	<b>\$ 534,515</b>	<b>\$ 47,241</b>
<b>Totals</b>			<b>\$ 740,656</b>	<b>\$ 47,138</b>	<b>\$ 781,745</b>	<b>\$ 47,241</b>

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

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B- FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.

**NOTE C - MATCHING REQUIREMENTS**

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Buckeye Local School District  
Ashtabula County  
3436 Edgewood Drive  
Ashtabula, Ohio 44004

To The Board of Education:

We have audited the financial statements of Buckeye Local School District, Ashtabula County, as of and for the year ended June 30, 2002, and have issued our report thereon dated December 16, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Buckeye Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Buckeye Local School District in a separate letter dated December 16, 2002.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered Buckeye Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of Buckeye Local School District in a separate letter dated December 16, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

December 16, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Buckeye Local School District  
Ashtabula County  
3436 Edgewood Drive  
Ashtabula, Ohio 44004

To The Board of Education:

**Compliance**

We have audited the compliance of Buckeye Local School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. Buckeye Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Buckeye Local School District's management. Our responsibility is to express an opinion on Buckeye Local School District's compliance based on our audit.

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

In our opinion, Buckeye Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

**Internal Control Over Compliance**

The management of Buckeye Local School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs.

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

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

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized loop at the end of the name.

**Jim Petro**  
Auditor of State

December 16, 2002

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
JUNE 30, 2002**

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

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<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>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<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>	No
<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>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Title I CFDA #84.010
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: > All Others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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None

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**BUCKEYE LOCAL SCHOOL DISTRICT**

**ASHTABULA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 28, 2003**