

BUCKEYE LOCAL SCHOOL DISTRICT

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2001

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



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education
Buckeye Local School District
Ashtabula, Ohio

We have reviewed the independent auditor's report of the Buckeye Local School District, Ashtabula County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

February 27, 2002

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BUCKEYE LOCAL SCHOOL DISTRICT
AUDIT REPORT
For the Year Ended June 30, 2001

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Buckeye Local School District

List of Principal Officials

June 30, 2001

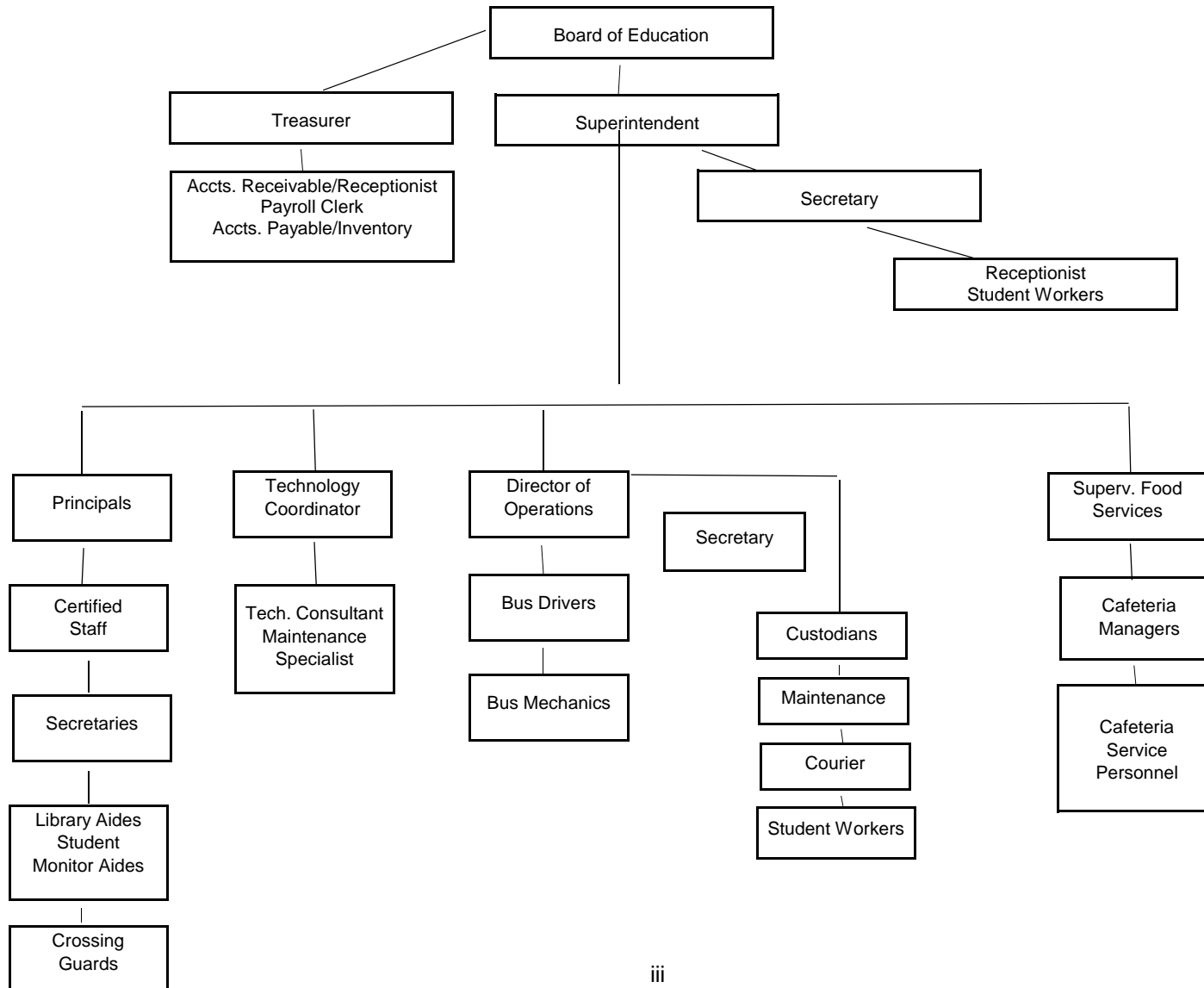
BOARD OF EDUCATION	
Victoria A. Nicholas	President
Mary B. Wisnyai	Vice President
David S. Farina	Member
Brett Harley	Member
Sandra K. Kanicki	Member

TREASURER
William W. Hill

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

ORGANIZATIONAL CHART

Community



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

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
Buckeye Local School District
Ashtabula, Ohio

We have audited the accompanying general purpose financial statements of Buckeye Local School District (the District), as of and for the year ended June 30, 2001, 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 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2001, and the results of its operations and cash flows of its proprietary fund types and non-expendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 20 to the general purpose financial statements, the District changed its method of accounting for accounting and reporting for its nonexchange transactions and certain shared nonexchange revenues for the year ended June 30, 2001 as required by Governmental Accounting Standards Board Statements No. 33 and No. 36.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 8, 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 made for the purpose of forming an opinion on the general purpose financial statements of the Buckeye Local School District taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Charles E. Harris & Associates, Inc.
January 8, 2002

**Buckeye Local School District
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2001**

	Governmental Fund Types				Proprietary Fund	Fiduciary	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	\$ 2,784,611	398,731	3,725	315,035	69,025	1,230,278	0	0	\$ 4,801,405
Taxes Receivable	10,255,560	0	73,515	459,073	0	0	0	0	10,788,148
Interfund Receivable	23,147	0	0	0	0	0	0	0	23,147
Intergovernmental Receivables	0	1,696	0	0	29,429	0	0	0	31,125
Interest Receivable	20,432	0	0	0	0	0	0	0	20,432
Accounts Receivable	6,434	191	0	0	700	0	0	0	7,325
Supplies Inventory	49,059	0	0	0	3,214	0	0	0	52,273
Inventory for Resale	0	0	0	0	25,146	0	0	0	25,146
Property, Plant & Equipment	0	0	0	0	173,423	0	10,532,128	0	10,705,551
Accumulated Depreciation, where applicable	0	0	0	0	(119,625)	0	0	0	(119,625)
Amount to be Provided for Retirement of General Long Term Debt	0	0	0	0	0	0	0	1,645,392	1,645,392
Total Assets and Other Debits	\$ 13,139,243	400,618	77,240	774,108	181,312	1,230,278	10,532,128	1,645,392	\$ 27,980,319

(Continued)

**Buckeye Local School District
Combined Balance Sheet
All Fund Types and Account Groups, Continued
June 30, 2001**

	Governmental Fund Types				Proprietary Fund Enterprise	Fiduciary	Account Groups		Totals (Memorandum) (Only)
	General	Special Revenue	Debt Service	Capital Projects		Fund Types Trust and Agency	General Fixed Assets	General Long Term Debt	
Liabilities:									
Interfund Payable	\$ 0	4,838	0	18,309	0	0	0	0	\$ 23,147
Intergovernmental Payable	245,848	10,407	0	0	23,498	0	0	134,750	414,503
Accounts Payable	30,805	11,749	0	27,552	2,167	0	0	0	72,273
Accrued Salaries and Benefits	1,139,543	44,041	0		25,389	0	0	0	1,208,973
Deferred Revenue	7,064,797	0	0	320,207	11,800	0	0	0	7,396,804
Due to Others	0	0	0	0	0	1,187,013	0	0	1,187,013
Energy Bonds Payable	0	0	0	0	0	0	0	365,000	365,000
Compensated Absences Payable	31,835	0	0	0	29,201	0	0	1,145,642	1,206,678
Total Liabilities	8,512,828	71,035	0	366,068	92,055	1,187,013	0	1,645,392	11,874,391
Fund Equity and Other Credits:									
Investment in General Fixed Assets	0	0	0	0	0	0	10,532,128	0	10,532,128
Contributed Capital	0	0	0	0	32,793	0	0	0	32,793
Retained Earnings	0	0	0	0	56,464	0	0	0	56,464
Fund Balances:									
Reserved for Inventory	49,059	0	0	0	0	0	0	0	49,059
Reserved for Encumbrances	287,512	48,936	0	49,629	0	0	0	0	386,077
Reserved for Property Taxes	3,190,763	0	73,515	138,866	0	0	0	0	3,403,144
Reserved for Scholarship Funds	0	0	0	0	0	36,816	0	0	36,816
Unreserved Fund Balance	1,099,081	280,647	3,725	219,545	0	6,449	0	0	1,609,447
Total Fund Equity	4,626,415	329,583	77,240	408,040	0	43,265	0	0	5,484,543
Total Fund Balances/Retained Earnings and Other	4,626,415	329,583	77,240	408,040	89,257	43,265	10,532,128	0	16,105,928
Total Liabilities, Fund Equity, and Other Credits	\$ 13,139,243	400,618	77,240	774,108	181,312	1,230,278	10,532,128	1,645,392	\$ 27,980,319

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, 2001

	Governmental Fund Types				Fiduciary Fund Types	Totals
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust Funds	(Memorandum) (Only)
REVENUES:						
Taxes	\$ 8,910,879	0	148,460	407,808	0	\$ 9,467,147
Tuition	93,407	0	0	0	0	93,407
Transportation Fees	14,590	0	0	0	0	14,590
Earnings on Investments	349,745	0	0	0	0	349,745
Extracurricular Activities	0	70,956	0	0	0	70,956
Miscellaneous	66,687	32,255	0	0	400	99,342
Revenue from State Sources						
Unrestricted Grants-in-Aid	4,861,706	23,351	0	49,227	0	4,934,284
Restricted Grants-in-Aid	0	117,795	0	94,061	0	211,856
Revenue from Federal Sources						
Restricted Grants-in-Aid	0	440,789	0	0	0	440,789
Total Revenue	14,297,014	685,146	148,460	551,096	400	15,682,116
EXPENDITURES:						
Instruction						
Regular	7,262,139	264,612	0	54,581	0	7,581,332
Special	1,146,005	306,396	0	0	0	1,452,401
Vocational	335,370	0	0	0	0	335,370
Adult/Continuing	0	0	0	0	400	400
Other Instruction	3,499	0	0	0	0	3,499
Supporting Services						
Pupils	559,368	0	0	0	0	559,368
Instructional Staff	291,025	122,068	0	0	0	413,093
Board of Education	21,218	0	0	0	0	21,218
Administration	1,154,153	0	0	0	0	1,154,153
Fiscal Services	422,219	0	0	7,319	0	429,538
Business Service	102,237	0	0	0	0	102,237
Operation & Maintenance-Plant	1,617,588	2,245	0	0	0	1,619,833
Pupil Transportation	741,187	0	0	53,068	0	794,255
Central Services	118,971	8,717	0	0	0	127,688
Extracurricular Activities						
Academic & Subject Oriented	51,881	10,582	0	0	0	62,463
Occupation Oriented Activities	1,127	59	0	0	0	1,186
Sports Oriented Activities	255,055	110,925	0	0	0	365,980
Co-Curricular Activities	0	9,536	0	0	0	9,536
Capital Outlay-Other Facility Acq. & Const.	113,688	0	0	314,133	0	427,821
Debt Service						
Repayment of Principal	0	0	50,000	0	0	50,000
Interest Payment	0	0	21,220	0	0	21,220
Total Expenditures	14,196,730	835,140	71,220	429,101	400	15,532,591
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	100,284	(149,994)	77,240	121,995	0	149,525
Other Financing Sources and Uses:						
Sale and Loss of Assets	7,112	0	0	0	0	7,112
Transfers-In	179,000	41,380	0	0	0	220,380
Refund of Prior Year Revenues	0	(3,074)	0	0	0	(3,074)
Refund of Prior Years' Expenditures	2,444	0	0	0	0	2,444
Transfers-Out	(93,149)	0	0	0	0	(93,149)
Net Other Financing Sources and Uses	95,407	38,306	0	0	0	133,713
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	195,691	(111,688)	77,240	121,995	0	283,238
Increase in Inventory	(2,948)	0	0	0	0	(2,948)
Beginning Fund Balance	4,433,672	441,271	0	286,045	3,577	5,164,565
Ending Fund Balance	<u>\$ 4,626,415</u>	<u>329,583</u>	<u>77,240</u>	<u>408,040</u>	<u>3,577</u>	<u>\$ 5,444,855</u>

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, 2001

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 8,333,546	8,308,391	(25,155)	0	0	\$ 0
Tuition	87,581	87,851	270	0	0	0
Transportation Fees	18,000	14,590	(3,410)	0	0	0
Earnings on Investment	360,000	370,495	10,495	0	0	0
Extracurricular Activities	0	0	0	68,850	70,978	2,128
Classroom Materials and Fees	830	0	(830)	0	0	0
Miscellaneous	60,662	66,875	6,213	33,000	32,042	(958)
State Unrestricted Grants-in-Aid	4,835,994	4,861,706	25,712	23,351	23,351	0
State Restricted Grants-in-Aid	0	0	0	163,000	163,428	428
Federal Restricted Grants-in-Aid	1,124	0	(1,124)	498,797	481,993	(16,804)
Total Revenue	13,697,737	13,709,908	12,171	786,998	771,792	(15,206)
Expenditures:						
Regular Instruction	7,427,495	7,427,495	0	447,830	300,972	146,858
Special Instruction	1,172,909	1,172,909	0	378,776	305,712	73,064
Vocational Instruction	341,638	341,638	0	0	0	0
Adult/Continuing Instruction	0	0	0	0	0	0
Other Instruction	28,393	3,499	24,894	0	0	0
Support Services-Pupils	555,048	555,048	0	0	0	0
Support Services-Instructional Staff	292,271	292,271	0	137,909	120,432	17,477
Support Services-Board of Education	21,571	21,571	0	0	0	0
Support Services-Administration	1,163,124	1,163,124	0	0	0	0
Support Services-Fiscal	422,781	422,781	0	0	0	0
Support Services-Business	113,874	113,874	0	0	0	0
Support Services-Operation & Main.	1,666,101	1,666,101	0	2,409	2,245	164
Support Services-Transportation	761,296	761,296	0	0	0	0
Support Services-Central	145,806	144,302	1,504	15,116	10,950	4,166
Extracurricular Activities						
Academic & Subject Oriented	51,589	51,589	0	24,447	12,933	11,514
Occupation Oriented Activities	1,127	1,127	0	59	59	0
Sports Oriented	255,987	255,987	0	183,691	122,504	61,187
Co-Curricular Activities	0	0	0	29,799	12,540	17,259
Facilities Acquisition & Construction	136,755	136,755	0	0	0	0
Debt Service						
Repayment of Debt	0	0	0	0	0	0
Interest Payment	0	0	0	0	0	0
Total Expenditures	14,557,765	14,531,367	26,398	1,220,036	888,347	331,689
Excess of Revenue Over (Under) Expenditures	(860,028)	(821,459)	38,569	(433,038)	(116,555)	316,483
Other Financing Sources (Uses):						
Sale & Loss of Assets	7,158	7,158	0	0	0	0
Transfers-In	179,000	179,000	0	31,170	41,380	10,210
Advances-In	3,361	3,361	0	0	4,838	4,838
Refund of Prior Year Revenues	0	0	0	0	(3,074)	(3,074)
Refund of Prior Years Expenses	8,223	8,223	0	0	0	0
Transfers-Out	(93,149)	(93,149)	0	0	0	0
Advances-Out	(23,148)	(23,148)	0	(3,360)	(3,360)	0
Total Financing Sources (Uses)	81,445	81,445	0	27,810	39,784	11,974
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(778,583)	(740,014)	38,569	(405,228)	(76,771)	328,457
Beginning Fund Balance	2,897,911	2,897,911	0	365,154	365,154	0
Prior Year Carry Over Encumbrances	319,342	319,342	0	50,207	50,207	0
Ending Fund Balance	\$ 2,438,670	2,477,239	38,569	10,133	338,590	\$ 328,457

(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, 2001

	Debt Service Funds			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 74,495	74,945	450	411,766	401,669	\$ (10,097)
Tuition	0	0	0	0	0	0
Transportation Fees	0	0	0	0	0	0
Earnings on Investment	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Classroom Materials and Fees	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
State Unrestricted Grants-in-Aid	0	0	0	50,000	49,227	(773)
State Restricted Grants-in-Aid	0	0	0	95,000	94,061	(939)
Federal Restricted Grants-in-Aid	0	0	0	0	0	0
Total Revenue	74,495	74,945	450	556,766	544,957	(11,809)
Expenditures:						
Regular Instruction	0	0	0	212,117	143,850	68,267
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	6,500	0	6,500
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	8,500	7,319	1,181
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	86,000	53,069	32,931
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	417,525	326,440	91,085
Debt Service						
Repayment of Debt	50,000	50,000	0	0	0	0
Interest Payment	21,220	21,220	0	0	0	0
Total Expenditures	71,220	71,220	0	730,642	530,678	199,964
Excess of Revenue Over (Under) Expenditures	3,275	3,725	450	(173,876)	14,279	188,155
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	0	18,309	18,309
Refund of Prior Year Revenues	0	0	0	0	0	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	0	0	0
Total Financing Sources (Uses)	0	0	0	0	18,309	18,309
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	3,275	3,725	450	(173,876)	32,588	206,464
Beginning Fund Balance	0	0	0	153,269	153,269	0
Prior Year Carry Over Encumbrances	0	0	0	51,997	51,997	0
Ending Fund Balance	\$ 3,275	3,725	450	31,390	237,854	\$ 206,464

(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, 2001

	Expendable Trust Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 0	0	0	8,819,807	8,785,005	\$ (34,802)
Tuition	0	0	0	87,581	87,851	270
Transportation Feed	0	0	0	18,000	14,590	(3,410)
Earnings on Investment	0	0	0	360,000	370,495	10,495
Extracurricular Activities	0	0	0	68,850	70,978	2,128
Classroom Materials and Fees	0	0	0	830	0	(830)
Miscellaneous	400	400	0	94,062	99,317	5,255
State Unrestricted Grants-in-Aid	0	0	0	4,909,345	4,934,284	24,939
State Restricted Grants-in-Aid	0	0	0	258,000	257,489	(511)
Federal Restricted Grants-in-Aid	0	0	0	499,921	481,993	(17,928)
Total Revenue	400	400	0	15,116,396	15,102,002	(14,394)
Expenditures:						
Regular Instruction	0	0	0	8,087,442	7,872,317	215,125
Special Instruction	0	0	0	1,551,685	1,478,621	73,064
Vocational Instruction	0	0	0	341,638	341,638	0
Adult/Continuing Instruction	400	400	0	400	400	0
Other Instruction	0	0	0	28,393	3,499	24,894
Support Services-Pupils	0	0	0	555,048	555,048	0
Support Services-Instructional Staff	0	0	0	436,680	412,703	23,977
Support Services-Board of Education	0	0	0	21,571	21,571	0
Support Services-Administration	0	0	0	1,163,124	1,163,124	0
Support Services-Fiscal Services	0	0	0	431,281	430,100	1,181
Support Services-Business	0	0	0	113,874	113,874	0
Support Services-Operation & Main.	0	0	0	1,668,510	1,668,346	164
Support Services-Transportation	0	0	0	847,296	814,365	32,931
Support Services-Central	0	0	0	160,922	155,252	5,670
Extracurricular Activities						
Academic & Subject Oriented	0	0	0	76,036	64,522	11,514
Occupation Oriented	0	0	0	1,186	1,186	0
Sports Oriented	0	0	0	439,678	378,491	61,187
Co-Curricular Activities	0	0	0	29,799	12,540	17,259
Facilities Acquisition & Construction	0	0	0	554,280	463,195	91,085
Debt Service						
Repayment of Debt	0	0	0	50,000	50,000	0
Interest Payment	0	0	0	21,220	21,220	0
Total Expenditures	400	400	0	16,580,063	16,022,012	558,051
Excess of Revenue Over (Under) Expenditures	0	0	0	(1,463,667)	(920,010)	543,657
Other Financing Sources (Uses):						
Sale & Loss of Assets	0	0	0	7,158	7,158	0
Transfers-In	0	0	0	210,170	220,380	10,210
Advances-In	0	0	0	3,361	26,508	23,147
Refund of Prior Year Revenues	0	0	0	0	(3,074)	(3,074)
Refund of Prior Years Expenses	0	0	0	8,223	8,223	0
Transfers-Out	0	0	0	(93,149)	(93,149)	0
Advances-Out	0	0	0	(26,508)	(26,508)	0
Total Financing Sources (Uses)	0	0	0	109,255	139,538	30,283
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0	(1,354,412)	(780,472)	573,940
Beginning Fund Balance	3,575	3,575	0	3,419,909	3,419,909	0
Prior Year Carry Over Encumbrances	0	0	0	421,546	421,546	0
Ending Fund Balance	\$ 3,575	3,575	0	2,487,043	3,060,983	\$ 573,940

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, 2001

	Proprietary Fund Types	Fiduciary Fund Type	Totals (Memorandum (Only)
	Enterprise Funds	Non-Expendable Trust Funds	
Operating Revenues:			
Food Service	\$ 445,792	0	\$ 445,792
Classroom Materials & Fees	47,536	0	47,536
Earnings On Investments	0	2,309	2,309
Total Operating Revenues	<u>493,328</u>	<u>2,309</u>	<u>495,637</u>
Operating Expenses:			
Personal Services - Salary	277,710	0	277,710
Employee Benefits	196,162	0	196,162
Purchased Services	37,547	0	37,547
Supplies and Materials	334,482	0	334,482
Other Operating Expenses	0	2,396	2,396
Depreciation	4,940	0	4,940
Total Operating Expenses	<u>850,841</u>	<u>2,396</u>	<u>853,237</u>
Operating Income (Loss)	(357,513)	(87)	(357,600)
Non-Operating Revenues:			
Loss on Sale of Assets	(2,096)	0	(2,096)
Miscellaneous	0	1,000	1,000
State Restricted Grants-in-Aid	63,095	0	63,095
Federal Unrestricted-Grants-in-Aid	204,630	0	204,630
Federal Restricted Grants-in-Aid	45,721	0	45,721
Total Non-Operating Revenues	<u>311,350</u>	<u>1,000</u>	<u>312,350</u>
Net Income (Loss) Before Operating Transfers	(46,163)	913	(45,250)
Transfers-In	<u>51,769</u>	<u>0</u>	<u>51,769</u>
Total Transfers	51,769	0	51,769
Net Income (Loss)	5,606	913	6,519
Beginning Retained Earnings, as restated	<u>50,858</u>	<u>38,775</u>	<u>89,633</u>
Retained Earnings at End of Year	<u>\$ 56,464</u>	<u>39,688</u>	<u>\$ 96,152</u>
Total Fund Equity at End of Year	<u>\$ 56,464</u>	<u>39,688</u>	<u>\$ 96,152</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, 2001

	Proprietary Fund Types	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise Funds	Non- Expendable Trust Fund	
Cash Flows from Operating Activities			
Operating Gain (Loss)	\$ (357,513)	(87)	\$ (357,600)
Adjustment to Reconcile Operating Gain (Loss)			
To Net Cash used in Operating Activities:			
Depreciation	4,940	0	4,940
Net (Increase) Decrease in Assets:			
Intergovernmental Receivable	(3,752)	0	(3,752)
Accounts Receivable	(534)	0	(534)
Inventory	2,594	0	2,594
Net Increases (Decreases) in Liabilities:			
Accounts Payable	(436)	0	(436)
Intergovernmental Payable	15,181	0	15,181
Deferred Revenue	1,246	0	1,246
Accrued Wages and Benefits	(906)	0	(906)
Compensated Absences	2,077	0	2,077
Total Adjustments	20,410	0	20,410
Net Cash Used in Operating Activities	(337,103)	(87)	(337,190)
Cash Flows from Noncapital Financing Activities:			
Miscellaneous	0	1,000	1,000
Grants from State Sources	63,095	0	63,095
Grants from Federal Sources	250,351	0	250,351
Net Transfers	51,769	0	51,769
Net Cash Provided by Noncapital Financing Activities	365,215	1,000	366,215
Cash Flows Used for Capital Financing Activities:			
Acquisition of Capital Assets	(11,254)	0	(11,254)
Net Cash Used for Capital Financing Activities	(11,254)	0	(11,254)
Net Increase in Cash & Cash Equivalents	16,858	913	17,771
Cash and Cash Equivalents at Beginning of Year	52,167	38,775	90,942
Cash and Cash Equivalents at End of Year	\$ 69,025	39,688	\$ 108,713

See Accompanying Notes to General Purpose Financial Statements.

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

Cash and Cash Equivalents-All Fiduciary Funds	
Cash and Cash Equivalents - Non-expendable Trust Funds	\$ 39,688
Cash and Cash Equivalents - Agency Funds	1,187,013
Cash and Cash Equivalents - Expendable Trust Fund	3,577
Cash and Cash Equivalents	\$ 1,230,278

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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, 2000, was 2,275. The District employed 136 certified employees and 107 non-certificated employees. The District is supervised by the Ashtabula County Educational Service Center, a separate entity.

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

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

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

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

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

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

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 1. Summary of Significant Accounting Policies (continued)

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

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

B. Fund Accounting

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

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

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

Governmental Fund Types

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

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

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

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

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

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 1. Summary of Significant Accounting Policies (continued)

Proprietary Fund Types

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

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

Fiduciary Fund Types

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

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

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

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

Account Groups

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

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

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

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus/Basis of Accounting

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

- 1) Only current assets and current liabilities are generally included on their balance sheets.
- 2) Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.
- 3) Revenues are recognized when they become both measurable and available to finance expenditures for the current period.
 - a) Revenue accrued at the end of the year may include book fines, fees, interest and tuition.
 - b) Property taxes measurable as of June 30, 2001 and delinquent property taxes, whose availability is indeterminate, and are not intended to finance fiscal year 2001 operations, have been recorded as deferred revenues.
- 4) Expenditures are recognized in the period in which the fund liability is incurred with the following exceptions: general long term obligation principal and interest are reported only when due; the current costs of accumulated unpaid vacation and sick leave are reported in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

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

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

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 1. Summary of Significant Accounting Policies (continued)

D. Budget and Budgetary Accounting

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

- 1) A Tax Budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 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.
- 4) The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Non-GAAP Basis)--All Governmental Fund Types and Expendable Trust Funds" to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis of accounting and GAAP are that:
 - a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
 - b) Expenditures are recorded when encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis);
 - c) Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis);

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 1. Summary of Significant Accounting Policies (continued)

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

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

E. Cash and Investments

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

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2001.

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, the Food Service fund and the Non-expendable Trust fund, as authorized by board resolution. Interest income earned in fiscal year 2001 totaled \$352,054.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 1. Summary of Significant Accounting Policies (continued)

F. Taxes Receivable

The financial statements reflect taxes receivable as of June 30, 2001. 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, 2001 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, 2001, are recognized under the nonallocation method. The nonallocation method of prepayments and deferrals is consistent with the basic governmental concept that only expendable financial resources are reported by a specific governmental fund. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the nonallocation method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required.

I. Fixed Assets

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

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

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

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 1. Summary of Significant Accounting Policies (continued)

J. Intergovernmental Revenues

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

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

Entitlements:

General Fund

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

Special Revenue Funds

- Educational Management Information Systems

Capital Projects Funds

- SchoolNet Plus

Non-Reimbursable Grants:

Special Revenue Funds

- Title I
- Title VI
- Title VI-B
- Title VI-R
- DPIA
- Continuous Improvement Grants
- Ohio Reads
- Miscellaneous State and Federal Grants

Reimbursable Grants:

General Fund

- Driver Education Reimbursement

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to approximately 35% of the District's operating revenue during the 2001 fiscal year.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 1. Summary of Significant Accounting Policies (continued)

K. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from Other Funds" or "Due to Other Funds." Short-term interfund loans are classified as "Interfund Receivables/Payables." At June 30, 2001, the District had \$23,147 in "Interfund Receivables/Payables."

L. Advances to Other Funds

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicated that they do not constitute expendable available financial resources and therefore are not available for appropriation. At June 30, 2001 the District had no long-term interfund loans.

M. Compensated Absences

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

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

For governmental funds, the District records a liability for accumulated unused vacation and sick leave when earned. The current portion of 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.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 1. Summary of Significant Accounting Policies (continued)

N. Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. The assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expended and closed to retained earnings at year end. Designated fund balances represent tentative plans for future use of financial resources. At June 30, 2001, the District had \$32,793 in contributed capital.

O. Long-Term Obligations

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

P. Interfund Transactions

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

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

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

Q. Fund Balance Reserves

Reserved Fund Balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund Balances are reserved for supplies inventory, 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.

S. Estimates

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

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 1. Summary of Significant Accounting Policies (continued)

T. Memorandum Only - Total Columns

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

Note 2. Budgetary Basis of Accounting

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

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

	Governmental Fund Types			
	General Fund	Special Revenue	Debt Service	Capital Project
GAAP Basis	\$ 195,691	(111,688)	77,240	\$ 121,995
Increase (Decrease):				
Due to Revenues:				
Net Adjustments to Revenue Accruals	(587,106)	86,646	(73,515)	(6,139)
Due to Expenditures:				
Net Adjustments to Expenditure Accruals	(334,637)	(53,207)	0	(101,577)
Due to Other Sources/Uses	(13,962)	1,478	0	18,309
Budget Basis	<u>\$ (740,014)</u>	<u>(76,771)</u>	<u>3,725</u>	<u>\$ 32,588</u>

Note 3. Cash and Investments

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

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.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 3. Cash and Investments (continued)

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

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.

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.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 3. Cash and Investments (continued)

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 \$2,664,757 and the bank balance was \$2,886,448, of which \$2,500,000 was in Certificates of Deposit. Of the balance, \$200,000 was covered by Federal Depository Insurance and \$2,686,448 was uninsured, but collateralized with securities held by the pledging financial institution's trust department or agent not in the District's name. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

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

	Category			Carrying Value	Fair Value
	1	2	3		
STAR Ohio	\$ 0	\$ 0	\$ 0	\$ 2,136,623	\$ 2,136,623
Total Investments				<u>\$ 2,136,623</u>	<u>\$ 2,136,623</u>

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

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 4,801,405	\$ 0
Investments:		
STAR Ohio	(2,136,623)	2,136,623
Total	2,664,782	2,136,623
Cash on Hand	(25)	0
GASB Statement No. 3	<u>\$ 2,664,757</u>	<u>\$ 2,136,623</u>

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 4. Property Tax

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

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

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

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, 2001 for operations was \$43.61 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the fiscal year 2001 taxes were collected were as follows:

<u>1999-2000 Assessed Values</u>		<u>2000-2001 Assessed Values</u>	
Real Property-Com/Industrial	\$ 50,389,760	Real Property-Com/Industrial	\$ 51,904,460
Real Property-Res/Agri.	119,002,690	Real Property-Res/Agri.	121,426,550
Real Property-Public Utilities	139,950	Real Property-Public Utilities	145,170
Personal Property-General	67,937,900	Personal Property-General	71,866,400
Personal Property-Public Utilities	59,317,440	Personal Property-Public Utilities	55,376,360
Total Assessed Value	<u>\$ 296,787,740</u>	Total Assessed Value	<u>\$ 300,718,940</u>

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 5. Receivables

Receivables at June 30, 2001 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:	
Local Professional Development Grant	\$ 766
Career Mini Grant	930
Total Special Revenue Funds	<u>1,696</u>
Proprietary Fund:	
Federal Lunch Reimbursement	29,429
Total Proprietary Fund	<u>29,429</u>
Grand Total	<u><u>\$ 31,125</u></u>

Note 6. Fixed Assets

In prior years, the District has capitalized its fixed assets with a cost of less than \$1,500, which is not consistent with the District's revised capitalization policy. Further, the District identified additional fixed assets and recorded those assets within the appropriate classifications. The effect of these adjustments for the year ended June 30, 2000 is as follows:

Governmental Funds:

	Balance at June 30, 2000	Adjustment for capitalization level to \$1,500	Restated Balance June 30, 2000
Land & Improvements	390,806	(6,904)	383,902
Buildings	4,913,381	21,754	4,935,135
Furniture & Equipment	4,963,427	(1,338,656)	3,624,771
Vehicles	1,531,710	(120)	1,531,590
Total	<u>11,799,324</u>	<u>(1,323,926)</u>	<u>10,475,398</u>

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 6. Fixed Assets (continued)

Enterprise Funds:

Property, Plant and Equipment, as previously reported	\$ 211,561
Adjustment for Fixed Assets with a cost of less than \$1,500	<u>(41,784)</u>
Restated Property, Plant and Equipment at June 30, 2000	<u><u>169,777</u></u>
Accumulated Depreciation, as previously reported	148,184
Adjustment for Fixed Assets with a cost of less than \$1,500	<u>(27,986)</u>
Restated Accumulated Depreciation at June 30, 2000	<u><u>120,198</u></u>
Retained Earnings, as previously reported	64,656
Adjustments for Fixed Assets with a cost of less than \$1,500	<u>(13,798)</u>
Restated Retained Earnings at June 30, 2000	<u><u>\$ 50,858</u></u>

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 2001:

	General Fixed Assets June 30, 2000	Additions	Deletions	General Fixed Assets June 30, 2001
Land & Land Improvements	\$ 383,902	6,150	0	\$ 390,052
Buildings & Bldg. Improvements	4,935,135	20,845	0	4,955,980
Furniture, Fixtures & Equipment	3,624,771	86,584	27,102	3,684,253
Vehicles	1,531,590	124,071	153,818	1,501,843
Total General Fixed Assets	<u><u>\$ 10,475,398</u></u>	<u><u>237,650</u></u>	<u><u>180,920</u></u>	<u><u>\$ 10,532,128</u></u>

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 6. Fixed Assets (continued)

The following is a summary of the proprietary funds property, plant and equipment at June 30, 2001:

Enterprise Fund	June 30, 2001 as reported
Furniture and Equipment	\$ 173,423
Less Accumulated Depreciation	(119,625)
Net Fixed Assets	\$ 53,798

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. 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, 2001, 2000, and 1999 were \$333,168, \$298,836 and \$304,074 respectively; 38.38 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$205,314 representing the unpaid contribution for fiscal year 2001, 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.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 7. Defined Benefit Pension Plans (continued)

For the fiscal year ended June 30, 2001, 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. 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, 2001, 2000, and 1999 were \$1,021,008, \$873,624 and \$833,616, respectively; 83.33 percent has been contributed for fiscal year 2001, and 100 percent for fiscal years 2000 and 1999. \$170,165 representing the unpaid contribution for fiscal year 2001, 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 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 \$328,181 for fiscal year 2001.

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, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent for fiscal year 2001. 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 2001, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including surcharge, during the 2001 fiscal year equaled \$241,009.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 8. Postemployment Benefits (continued)

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, 2001, (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 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 2001, 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.

The classified personnel accumulate vacation based on the following schedule:

Years Service	Vacation Days
1	5
2-5	10
6-9	15
10 - beyond	20

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

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

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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 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.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 11. Notes and Long-Term Debt

A summary of changes in long-term obligations for the year ended June 30, 2001, are as follows:

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Intergovernmental Payable	\$ 144,117	134,750	144,117	\$ 134,750
Energy Conservation Bonds Payable	415,000	0	50,000	365,000
Compensated Absences Payable	1,043,307	102,335	0	1,145,642
	<u>\$ 1,602,424</u>	<u>237,085</u>	<u>194,117</u>	<u>\$ 1,645,392</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 \$300,831. The voted debt limit at June 30, 2001 is \$27,074,768.

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, 2001, and related interest payments are as follows:

	Principal	Interest	Payment
FY2002	\$ 55,000	18,515	\$ 73,515
FY2003	55,000	15,627	70,627
FY2004	60,000	12,550	72,550
FY2005 and thereafter	195,000	17,085	212,085
	<u>\$ 365,000</u>	<u>63,777</u>	<u>\$ 428,777</u>

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 12. Interfund Transactions

At June 30, 2001, 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	\$ 23,147	\$ 0
Capital Projects Fund	0	23,147
	\$ 23,147	\$ 23,147

Note 13. Segments of Enterprise Activities

Key financial data for the District's Enterprise Funds for the year ended June 30, 2001, are as follows:

	Lunchroom Fund	Uniform School Supply Fund	Total
Operating Revenues	\$ 445,792	47,536	\$ 493,328
Operating Expenses:			
Depreciation	(4,940)	0	(4,940)
Other Expenses	(794,776)	(51,125)	(845,901)
Total Operating Expenses	(799,716)	(51,125)	(850,841)
Operating Loss	(353,924)	(3,589)	(357,513)
Non Operating Revenues and Expenses.			
Grants	313,446	0	313,446
Loss on Disposal of Assets	(2,096)	0	(2,096)
Transfers-In/(Out)	51,769	0	51,769
Net Income/(Loss)	\$ 9,195	(3,589)	\$ 5,606
Net Working Capital	\$ 5,199	30,260	\$ 35,459
Contributed Capital	\$ 32,793	0	\$ 32,793
Total Assets	\$ 150,800	30,512	\$ 181,312
Total Fund Equity	\$ 58,996	30,261	\$ 89,257
Total Fixed Asset Additions	\$ 11,254	0	\$ 11,254

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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 2001. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained from the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio, 44481.

Ashtabula County Schools Council of Governments

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

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, 2001.

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, 2001.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 16. School Funding Decision

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of the date of this report, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

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 established an agency fund to escrow the estimated tax refund of \$1,150,885. The Corporation has paid these taxes since 1993; figures used in the calculation of the refund were provided by Millennium Inorganic Corporation. The refund is expected to occur within the next year.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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, 2001, 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	Budget Stabilization Reserve	Total
Set-Aside Cash Balance, 7/1/2000	\$ 0	\$ 0	\$ 312,872	\$ 312,872
Required Set Aside	350,861	350,861	0	701,722
Qualifying Offsets	0	(348,955)	0	(348,955)
Qualifying Expenditures	(360,123)	(406,980)	0	(767,103)
Elimination of Budget Stabilization Reserve	0	0	(312,872)	(312,872)
Totals	<u>\$ (9,262)</u>	<u>\$ (405,074)</u>	<u>\$ 0</u>	<u>\$ (414,336)</u>
Set-Aside Cash Balance, 6/30/2001	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Expenditures in the Textbook Reserve were \$360,123, exceeding the required set aside by \$9,262. In the Capital Maintenance Reserve, expenditures exceeded the required set aside by \$405,074.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 19. Fund Deficits

The following funds had deficit balances at June 30, 2001:

Early Childhood Education Grant	\$	(122)
Literacy Grant	\$	(121)

These deficits 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 deficit in the fund and provides operating transfers when cash is required, not when accruals occur.

Note 20. Changes in Accounting Principles and Restatement of Fund Balance.

For fiscal year 2001, the District has implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The District has also implemented GASB Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*. At June 30, 2001 there was no effect on fund balances as a result of implementing GASB 33 and GASB 36.

BUCKEYE LOCAL SCHOOL DISTRICT

Schedule of Federal Awards Expenditures

For the Year Ended June 30, 2001

Federal Grantor/Pass Through Grantor Program Title	Pass-Through Grant Number	CFDA Number	Receipts Recognized	Program Expenditures
<u>U.S. Department of Agriculture</u>				
Passed Through Ohio Department of Education: Nutrition Cluster:				
Food Distribution Program - (See Note 2)	n/a	10.550	\$ 46,968	\$ 45,643
School Breakfast Program	045856-05-PU-01	10.553	\$ 19,221	\$ 19,221
School Lunch Program	045856-03/04-PU-01	10.555	\$ 181,658	\$ 181,658
Total U.S. Department of Agriculture - Nutrition Cluster			\$ <u>247,847</u>	\$ <u>246,522</u>
<u>U.S. Department of Education</u>				
Passed Through Ohio Department of Education:				
Educationally Deprived Children:				
Title I	045856-C1-S1-01	84.010	\$ 341,119	\$ 261,170
Title I	045856-C1-S1-00	84.010	-	48,884
Title I	045856-C1-SD-00	84.010	-	2,850
Title I	045856-C1-SD-01	84.010	-	15,216
Total Title I			\$ <u>341,119</u>	\$ <u>328,120</u>
Innovative Educational Program:				
Title VI	045856-C2-S1-99C	84.298	\$ -	\$ 298
Title VI	045856-C2-S1-00	84.298	-	3,093
Title VI	045856-V2-S1-01	84.298	1,840	-
Total Title VI			\$ <u>1,840</u>	\$ <u>3,391</u>
Comprehensive School Reform Demonstration:				
Comprehensive School Reform Demonstration	045856-RF-S1-00	84.332	\$ -	\$ 40,933
Comprehensive School Reform Demonstration	045856-RF-S1-99	84.332	-	23,604
Comprehensive School Reform Demonstration - District Wide	045856-RF-S1-99	84.332	-	37,792
Total Comprehensive School Reform Demonstration			\$ <u>-</u>	\$ <u>102,329</u>
Class Size Reduction:				
Title VI - R	045856-CR-S1-00	84.340	\$ -	\$ 10,483
Title VI - R	045856-CR-S1-01	84.340	59,679	47,822
Total Title VI - R			\$ <u>59,679</u>	\$ <u>58,305</u>
Eisenhower	045856-MS-S1-01	84.281	\$ <u>10,934</u>	\$ <u>10,934</u>
Drug Free Schools Grant	045856-DR-S1-01	84.186	\$ <u>9,513</u>	\$ <u>9,513</u>
Goals 2000 Educate America Act	045856-G2-S2-99	84.276	\$ <u>1,537</u>	\$ <u>-</u>
Total U.S. Department of Education			\$ <u>424,622</u>	\$ <u>512,592</u>
Total Federal Financial Assistance			\$ <u>672,469</u>	\$ <u>759,114</u>

See accompanying Notes to the Schedule of Federal Awards Expenditures

Buckeye Local School District
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2001

1. Significant Accounting Policies

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

2. Food Distribution

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had food commodities in inventory recorded in the Enterprise Fund.

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

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

Board of Education
Buckeye Local School District
Ashtabula, Ohio

We have audited the general purpose financial statements of the Buckeye Local School District as of and for the year ended June 30, 2001, and have issued our report thereon dated January 8, 2002, wherein we noted the District adopted Governmental Accounting Standards Board Statements Nos. 33 and 36, as of and for the year ended June 30, 2001. 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 the District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated January 8, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated January 8, 2002.

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

Charles E. Harris & Associates, Inc.
January 8, 2002

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

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

Board of Education
Buckeye Local School District
Ashtabula, Ohio

Compliance

We have audited the compliance of the Buckeye Local School District with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program cluster for the year ended June 30, 2001. During the fiscal year ended June 30, 2001, the District implemented Governmental Accounting Standards Board Statements Nos. 33 and 36. The District's major federal program cluster is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program cluster is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program cluster for the year ended June 30, 2001.

Internal Control Over Compliance

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

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

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

Charles E. Harris & Associates, Inc.
January 8, 2002

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

**BUCKEYE LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY
June 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Nutrition Cluster: Food Distribution Program - CFDA #10.550 National School Lunch - Breakfast - CFDA #10.553 National School Lunch - Lunch/Milk - CFDA #10.555
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

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

BUCKEYE LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY
June 30, 2001

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of June 30, 2000, did not include material citations or recommendations.



STATE OF OHIO
OFFICE OF THE AUDITOR

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BUCKEYE LOCAL SCHOOL DISTRICT

ASHTABULA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 7, 2002**