



**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT  
DELAWARE COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



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

---

**STATE OF OHIO**



**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT  
DELAWARE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
General Purpose Financial Statements	
Combined Balance Sheet - All Fund Types and Account Groups .....	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds .....	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual All Governmental Fund Types and Expendable Trust Funds .....	9
Combined Statement of Revenues, Expenses and Changes in Fund Equity - Proprietary Fund Type and Non-Expendable Trust Fund .....	13
Combined Statement of Revenues, Expenses and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual Proprietary Fund Type and Non-Expendable Trust Fund .....	14
Combined Statement of Cash Flows - Proprietary Fund Type and Non-Expendable Trust Fund .....	16
Notes to the General Purpose Financial Statements .....	19
Schedule of Federal Awards Receipts and Expenditures .....	47
Notes to the Schedule of Federal Awards Receipts and Expenditures .....	48
Report of Independent Accountants on Compliance and on Internal Control Required by Government Auditing Standards .....	49
Report of Independent Accountants on Compliance With Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance In Accordance With OMB Circular A-133 .....	51
Schedule of Findings .....	53
Schedule of Prior Audit Findings .....	57

**This Page Intentionally Left Blank**



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

---

**STATE OF OHIO**

35 North Fourth Street  
Columbus, Ohio 43215  
Telephone 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

## **REPORT OF INDEPENDENT ACCOUNTANTS**

Board of Education  
Buckeye Valley Local School District  
679 Coover Road  
Delaware, Ohio 43015

We have audited the accompanying general purpose financial statements of the Buckeye Valley Local School District, Delaware County, Ohio (the District) as of and for the year ended June 30, 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 general purpose financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 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.

We performed our audit to form an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for 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. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

**JIM PETRO**  
Auditor of State

January 15, 2002

**This Page Intentionally Left Blank**

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,546,173	\$199,928	\$233,120	\$912,919
Receivables:				
Property Taxes	5,899,160	0	1,015,940	390,674
Income Taxes	1,168,965	0	0	0
Accounts	6,218	175	0	0
Intergovernmental	7,895	43,786	0	0
Interfund	13,442	0	0	0
Prepaid Items	17,118	69	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	16,336	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	125,163	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund for Retirement of General Obligation Debt	0	0	0	0
Amount to be Provided from General Governmental Resources	0	0	0	0
Total Assets and Other Debits	<u>\$8,800,470</u>	<u>\$243,958</u>	<u>\$1,249,060</u>	<u>\$1,303,593</u>



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$83,011	\$108,847	\$0	\$0	\$3,083,998
0	0	0	0	7,305,774
0	0	0	0	1,168,965
16,619	0	0	0	23,012
10,016	0	0	0	61,697
0	0	0	0	13,442
705	0	0	0	17,892
7,228	0	0	0	7,228
177	0	0	0	16,513
0	0	0	0	125,163
288,619	0	23,998,933	0	24,287,552
0	0	0	415,627	415,627
0	0	0	14,285,481	14,285,481
<u>\$406,375</u>	<u>\$108,847</u>	<u>\$23,998,933</u>	<u>\$14,701,108</u>	<u>\$50,812,344</u>

(continued)

Buckeye Valley Local School District  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2001  
 (continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Fund Equity, and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$185,767	\$19,057	\$0	\$198
Contracts Payable	0	0	0	81,279
Retainage Payable	0	0	0	2,477
Accrued Wages and Benefits	1,096,569	14,018	0	0
Compensated Absences Payable	10,319	0	0	0
Intergovernmental Payable	303,438	8,018	0	0
Interfund Payable	0	13,442	0	0
Deferred Revenue	5,129,131	0	833,433	320,479
Undistributed Assets	0	0	0	0
Due to Students	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Stadium Loan Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Total Liabilities	6,725,224	54,535	833,433	404,433
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
<u>Retained Earnings:</u>				
Unreserved	0	0	0	0
Contributed Capital	0	0	0	0
<u>Fund Balance:</u>				
Reserved for Property Taxes	946,969	0	182,507	70,195
Reserved for Inventory	16,336	0	0	0
Reserved for Textbooks	46,177	0	0	0
Reserved for Contributions	0	0	0	0
Reserved for Encumbrances	221,711	33,367	0	170,585
Unreserved	844,053	156,056	233,120	658,380
Total Fund Equity and Other Credits	2,075,246	189,423	415,627	899,160
Total Liabilities, Fund Equity, and Other Credits	\$8,800,470	\$243,958	\$1,249,060	\$1,303,593

See Accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$1,777	\$0	\$0	\$0	\$206,799
0	0	0	0	81,279
0	0	0	0	2,477
40,390	0	0	0	1,150,977
14,364	0	0	1,310,540	1,335,223
26,759	0	0	109,765	447,980
0	0	0	0	13,442
6,204	0	0	0	6,289,247
0	8,093	0	0	8,093
0	51,447	0	0	51,447
0	0	0	12,570,000	12,570,000
0	0	0	603,376	603,376
0	0	0	107,427	107,427
<u>89,494</u>	<u>59,540</u>	<u>0</u>	<u>14,701,108</u>	<u>22,867,767</u>
0	0	23,998,933	0	23,998,933
70,211	0	0	0	70,211
246,670	0	0	0	246,670
0	0	0	0	1,199,671
0	0	0	0	16,336
0	0	0	0	46,177
0	25,000	0	0	25,000
0	0	0	0	425,663
0	24,307	0	0	1,915,916
<u>316,881</u>	<u>49,307</u>	<u>23,998,933</u>	<u>0</u>	<u>27,944,577</u>
<u>\$406,375</u>	<u>\$108,847</u>	<u>\$23,998,933</u>	<u>\$14,701,108</u>	<u>\$50,812,344</u>

Buckeye Valley Local School District  
 Combined Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 All Governmental Fund Types and Expendable Trust Funds  
 For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types			Fiduciary	Totals	
	General	Special Revenue	Debt Service	Expendable Trust	(Memorandum Only)	
<u>Revenues:</u>						
Property Taxes	\$5,550,489	\$0	\$1,044,003	\$397,755	\$0	\$6,992,247
Income Taxes	2,726,557	0	0	0	0	2,726,557
Intergovernmental	5,640,133	479,489	117,520	59,565	0	6,296,707
Interest	216,523	5	28,873	16,216	1,141	262,758
Tuition and Fees	31,313	164,249	0	0	0	195,562
Extracurricular Activities	26,142	98,717	0	0	0	124,859
Gifts and Donations	0	5,095	0	0	0	5,095
Miscellaneous	90,302	67,478	0	0	0	157,780
Total Revenues	<u>14,281,459</u>	<u>815,033</u>	<u>1,190,396</u>	<u>473,536</u>	<u>1,141</u>	<u>16,761,565</u>
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	6,578,913	252,929	0	1,890	0	6,833,732
Special	959,721	276,746	0	0	0	1,236,467
Vocational	311,711	25,675	0	0	0	337,386
Other	4,679	0	0	0	0	4,679
Support Services:						
Pupils	1,000,778	60,789	0	0	0	1,061,567
Instructional Staff	339,249	81,109	0	4,200	0	424,558
Board of Education	122,132	0	0	0	0	122,132
Administration	1,307,416	21,364	0	0	0	1,328,780
Fiscal	377,933	0	19,655	7,814	0	405,402
Business	149	0	0	0	0	149
Operation and Maintenance of Plant	1,541,742	208	0	193,560	0	1,735,510
Pupil Transportation	1,038,094	25,786	0	0	0	1,063,880
Central	12	0	0	0	0	12
Non-Instructional Services	794	6,781	0	0	2,900	10,475
Extracurricular Activities	240,436	97,839	0	0	0	338,275
Capital Outlay	59,600	0	0	333,363	0	392,963
Debt Service:						
Principal Retirement	31,040	0	335,000	0	0	366,040
Interest and Fiscal Charges	14,470	0	754,998	0	0	769,468
Total Expenditures	<u>13,928,869</u>	<u>849,226</u>	<u>1,109,653</u>	<u>540,827</u>	<u>2,900</u>	<u>16,431,475</u>
Excess of Revenues Over (Under) Expenditures	<u>352,590</u>	<u>(34,193)</u>	<u>80,743</u>	<u>(67,291)</u>	<u>(1,759)</u>	<u>330,090</u>
<u>Other Financing Sources (Uses):</u>						
Proceeds of Loan	0	0	0	603,376	0	603,376
Operating Transfers In	9,608	30,716	0	0	0	40,324
Operating Transfers Out	(31,614)	0	0	0	0	(31,614)
Total Other Financing Sources (Uses)	<u>(22,006)</u>	<u>30,716</u>	<u>0</u>	<u>603,376</u>	<u>0</u>	<u>612,086</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>330,584</u>	<u>(3,477)</u>	<u>80,743</u>	<u>536,085</u>	<u>(1,759)</u>	<u>942,176</u>
Fund Balances at Beginning of Year	1,744,345	192,900	334,884	363,075	19,365	2,654,569
Increase in Reserve for Inventory	317	0	0	0	0	317
Fund Balances at End of Year	<u>\$2,075,246</u>	<u>\$189,423</u>	<u>\$415,627</u>	<u>\$899,160</u>	<u>\$17,606</u>	<u>\$3,597,062</u>

See Accompanying Notes to the General Purpose Financial Statements

Buckeye Valley Local School District  
 Combined Statement of Revenues, Expenditures,  
 and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
 All Governmental Fund Types and Expendable Trust Funds  
 For the Fiscal Year Ended June 30, 2001

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$5,232,575	\$5,256,440	\$23,865	\$0	\$0	\$0
Income Taxes	2,738,712	2,728,896	(9,816)	0	0	0
Intergovernmental	5,849,691	5,651,772	(197,919)	440,015	440,015	0
Interest	181,031	219,200	38,169	0	0	0
Tuition and Fees	32,000	30,965	(1,035)	160,219	160,161	(58)
Extracurricular Activities	40,168	26,142	(14,026)	95,719	98,736	3,017
Gifts and Donations	0	0	0	5,095	5,095	0
Miscellaneous	39,519	76,477	36,958	64,089	61,714	(2,375)
<b>Total Revenues</b>	<b>14,113,696</b>	<b>13,989,892</b>	<b>(123,804)</b>	<b>765,137</b>	<b>765,721</b>	<b>584</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	6,564,332	6,563,694	638	269,112	260,098	9,014
Special	994,266	993,779	487	295,301	284,909	10,392
Vocational	313,035	304,202	8,833	99,241	23,989	75,252
Other	7,500	5,579	1,921	0	0	0
<b>Support Services:</b>						
Pupils	1,037,419	1,037,419	0	80,623	68,983	11,640
Instructional Staff	418,390	407,099	11,291	104,177	98,330	5,847
Board of Education	150,971	146,273	4,698	0	0	0
Administration	1,367,593	1,342,829	24,764	29,788	22,428	7,360
Fiscal	387,846	364,872	22,974	0	0	0
Operation and Maintenance of Plant	1,612,700	1,553,234	59,466	275	208	67
Pupil Transportation	1,110,986	1,035,057	75,929	27,655	27,651	4
Central	12	12	0	0	0	0
Non-Instructional Services	1,279	878	401	7,628	7,628	0
Extracurricular Activities	247,532	240,372	7,160	116,790	111,649	5,141
Capital Outlay	59,600	59,600	0	0	0	0
<b>Debt Service:</b>						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>14,273,461</b>	<b>14,054,899</b>	<b>218,562</b>	<b>1,030,590</b>	<b>905,873</b>	<b>124,717</b>
Excess of Revenues Over (Under) Expenditures	(159,765)	(65,007)	94,758	(265,453)	(140,152)	125,301
<b>Other Financing Sources (Uses):</b>						
Refund of Prior Year Expenditures	3,400	44,945	41,545	1,182	819	(363)
Refund of Prior Year Receipts	(150)	(89)	61	(114)	0	114
Proceeds of Loan	0	0	0	0	0	0
Operating Transfers In	0	9,608	9,608	31,005	30,716	(289)
Operating Transfers Out	(31,614)	(31,614)	0	(289)	0	289
<b>Total Other Financing Sources (Uses)</b>	<b>(28,364)</b>	<b>22,850</b>	<b>51,214</b>	<b>31,784</b>	<b>31,535</b>	<b>(249)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(188,129)	(42,157)	145,972	(233,669)	(108,617)	125,052
Fund Balances at Beginning of Year	1,163,934	1,163,934	0	178,254	178,254	0
Prior Year Encumbrances Appropriated	274,930	274,930	0	67,475	67,475	0
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$1,250,735</b>	<b>\$1,396,707</b>	<b>\$145,972</b>	<b>\$12,060</b>	<b>\$137,112</b>	<b>\$125,052</b>

(continued)

Buckeye Valley Local School District  
 Combined Statement of Revenues, Expenditures,  
 and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
 All Governmental Fund Types and Expendable Trust Funds  
 For the Fiscal Year Ended June 30, 2001  
 (continued)

	Debt Service Fund			Capital Projects Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$986,434	\$986,434	\$0	\$374,295	\$374,295	\$0
Income Taxes	0	0	0	0	0	0
Intergovernmental	117,520	117,520	0	60,923	59,565	(1,358)
Interest	29,245	29,245	0	16,461	16,461	0
Tuition and Fees	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Gifts and Donations	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Total Revenues	<u>1,133,199</u>	<u>1,133,199</u>	<u>0</u>	<u>451,679</u>	<u>450,321</u>	<u>(1,358)</u>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	0	0	0	312,001	241,759	70,242
Special	0	0	0	0	0	0
Vocational	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Support Services:</b>						
Pupils	0	0	0	171,423	168,920	2,503
Instructional Staff	0	0	0	7,000	7,000	0
Board of Education	0	0	0	3,813	3,739	74
Administration	22,800	19,527	3,273	2,525	2,525	0
Fiscal	0	0	0	7,817	7,772	45
Operation and Maintenance of Plant	0	0	0	262,898	230,706	32,192
Pupil Transportation	0	0	0	0	0	0
Central	0	0	0	0	0	0
Non-Instructional Services	0	0	0	57,776	57,776	0
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	29,615	29,615	0
<b>Debt Service:</b>						
Principal Retirement	335,000	335,000	0	0	0	0
Interest and Fiscal Charges	754,998	754,998	0	0	0	0
Total Expenditures	<u>1,112,798</u>	<u>1,109,525</u>	<u>3,273</u>	<u>854,868</u>	<u>749,812</u>	<u>105,056</u>
Excess of Revenues Over (Under) Expenditures	<u>20,401</u>	<u>23,674</u>	<u>3,273</u>	<u>(403,189)</u>	<u>(299,491)</u>	<u>103,698</u>
<b>Other Financing Sources (Uses):</b>						
Refund of Prior Year Expenditures	0	0	0	0	0	0
Refund of Prior Year Receipts	0	0	0	0	0	0
Proceeds of Loan	0	0	0	0	603,376	603,376
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>603,376</u>	<u>603,376</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>20,401</u>	<u>23,674</u>	<u>3,273</u>	<u>(403,189)</u>	<u>303,885</u>	<u>707,074</u>
Fund Balances at Beginning of Year	208,770	208,770	0	201,507	201,507	0
Prior Year Encumbrances Appropriated	0	0	0	209,093	209,093	0
Fund Balances (Deficit) at End of Year	<u>\$229,171</u>	<u>\$232,444</u>	<u>\$3,273</u>	<u>\$7,411</u>	<u>\$714,485</u>	<u>\$707,074</u>

See Accompanying Notes to the General Purpose Financial Statements

Expendable Trust Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$6,593,304	\$6,617,169	\$23,865
0	0	0	2,738,712	2,728,896	(9,816)
0	0	0	6,468,149	6,268,872	(199,277)
1,182	1,182	0	227,919	266,088	38,169
0	0	0	192,219	191,126	(1,093)
0	0	0	135,887	124,878	(11,009)
0	0	0	5,095	5,095	0
0	0	0	103,608	138,191	34,583
<u>1,182</u>	<u>1,182</u>	<u>0</u>	<u>16,464,893</u>	<u>16,340,315</u>	<u>(124,578)</u>
0	0	0	7,145,445	7,065,551	79,894
0	0	0	1,289,567	1,278,688	10,879
0	0	0	412,276	328,191	84,085
0	0	0	7,500	5,579	1,921
0	0	0	1,289,465	1,275,322	14,143
0	0	0	529,567	512,429	17,138
0	0	0	154,784	150,012	4,772
0	0	0	1,422,706	1,387,309	35,397
0	0	0	395,663	372,644	23,019
0	0	0	1,875,873	1,784,148	91,725
0	0	0	1,138,641	1,062,708	75,933
0	0	0	12	12	0
43,313	2,900	40,413	109,996	69,182	40,814
0	0	0	364,322	352,021	12,301
0	0	0	89,215	89,215	0
0	0	0	335,000	335,000	0
0	0	0	754,998	754,998	0
<u>43,313</u>	<u>2,900</u>	<u>40,413</u>	<u>17,315,030</u>	<u>16,823,009</u>	<u>492,021</u>
<u>(42,131)</u>	<u>(1,718)</u>	<u>40,413</u>	<u>(850,137)</u>	<u>(482,694)</u>	<u>367,443</u>
0	0	0	4,582	45,764	41,182
0	0	0	(264)	(89)	175
0	0	0	0	603,376	603,376
0	0	0	31,005	40,324	9,319
0	0	0	(31,903)	(31,614)	289
<u>0</u>	<u>0</u>	<u>0</u>	<u>3,420</u>	<u>657,761</u>	<u>654,341</u>
(42,131)	(1,718)	40,413	(846,717)	175,067	1,021,784
19,264	19,264	0	1,771,729	1,771,729	0
0	0	0	551,498	551,498	0
<u>(\$22,867)</u>	<u>\$17,546</u>	<u>\$40,413</u>	<u>\$1,476,510</u>	<u>\$2,498,294</u>	<u>\$1,021,784</u>

This page intentionally left blank.



Buckeye Valley Local School District  
 Combined Statement of Revenues, Expenses,  
 and Changes in Fund Equity  
 Proprietary Fund Type and Non-Expendable Trust Fund  
 For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Non-Expendable Trust	
<u>Operating Revenues:</u>			
Sales	\$585,327	\$0	\$585,327
Interest	0	1,777	1,777
Other Revenues	36	0	36
Total Operating Revenues	<u>585,363</u>	<u>1,777</u>	<u>587,140</u>
<u>Operating Expenses:</u>			
Salaries	205,823	0	205,823
Fringe Benefits	117,368	0	117,368
Purchased Services	35,419	0	35,419
Materials and Supplies	24,202	0	24,202
Cost of Sales	308,300	0	308,300
Depreciation	19,037	0	19,037
Other Expenses	2,861	0	2,861
Total Operating Expenses	<u>713,010</u>	<u>0</u>	<u>713,010</u>
Operating Income (Loss)	<u>(127,647)</u>	<u>1,777</u>	<u>(125,870)</u>
<u>Non-Operating Revenues:</u>			
Federal Donated Commodities	12,866	0	12,866
Operating Grants	65,621	0	65,621
Interest	4,918	0	4,918
Total Non-Operating Revenues	<u>83,405</u>	<u>0</u>	<u>83,405</u>
Income (Loss) before Operating Transfers	(44,242)	1,777	(42,465)
Operating Transfers In	898	0	898
Operating Transfers Out	<u>(9,608)</u>	<u>0</u>	<u>(9,608)</u>
Net Income (Loss)	(52,952)	1,777	(51,175)
Retained Earnings/Fund Balance at Beginning of Year (Restated Note 3)	<u>123,163</u>	<u>29,924</u>	<u>153,087</u>
Retained Earnings/Fund Balance at End of Year	70,211	31,701	101,912
Contributed Capital at Beginning of Year	188,894	0	188,894
Contributed from Other Funds	<u>57,776</u>	<u>0</u>	<u>57,776</u>
Contributed Capital at End of Year	<u>246,670</u>	<u>0</u>	<u>246,670</u>
Total Fund Equity at End of Year	<u>\$316,881</u>	<u>\$31,701</u>	<u>\$348,582</u>

See Accompanying Notes to the General Purpose Financial Statements

Buckeye Valley Local School District  
 Combined Statement of Revenues, Expenses,  
 and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
 Proprietary Fund Type and Non-Expendable Trust Fund  
 For the Fiscal Year Ended June 30, 2001

	Enterprise Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$594,771	\$594,771	\$0
Interest	5,094	5,094	0
Operating Grants	74,587	74,587	0
Total Revenues	674,452	674,452	0
<u>Expenses:</u>			
Salaries	208,772	205,583	3,189
Fringe Benefits	113,758	113,040	718
Purchased Services	46,458	35,331	11,127
Materials and Supplies	379,828	320,351	59,477
Capital Outlay	14,392	6,954	7,438
Other Expenses	3,226	2,855	371
Total Expenses	766,434	684,114	82,320
Excess of Revenues Over (Under) Expenses	(91,982)	(9,662)	82,320
Operating Transfers In	898	898	0
Operating Transfers Out	(9,608)	(9,608)	0
Excess of Revenues Over (Under) Expenses and Transfers	(100,692)	(18,372)	82,320
Fund Balances at Beginning of Year	95,771	95,771	0
Prior Year Encumbrances Appropriated	5,271	5,271	0
Fund Balances at End of Year	\$350	\$82,670	\$82,320

See Accompanying Notes to the General Purpose Financial Statements

Non-Expendable Trust Fund			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$594,771	\$594,771	\$0
1,824	1,824	0	6,918	6,918	0
0	0	0	74,587	74,587	0
<u>1,824</u>	<u>1,824</u>	<u>0</u>	<u>676,276</u>	<u>676,276</u>	<u>0</u>
0	0	0	208,772	205,583	3,189
0	0	0	113,758	113,040	718
0	0	0	46,458	35,331	11,127
0	0	0	379,828	320,351	59,477
0	0	0	14,392	6,954	7,438
11,603	0	11,603	14,829	2,855	11,974
<u>11,603</u>	<u>0</u>	<u>11,603</u>	<u>778,037</u>	<u>684,114</u>	<u>93,923</u>
(9,779)	1,824	11,603	(101,761)	(7,838)	93,923
0	0	0	898	898	0
0	0	0	(9,608)	(9,608)	0
(9,779)	1,824	11,603	(110,471)	(16,548)	93,923
29,769	29,769	0	125,540	125,540	0
0	0	0	5,271	5,271	0
<u>\$19,990</u>	<u>\$31,593</u>	<u>\$11,603</u>	<u>\$20,340</u>	<u>\$114,263</u>	<u>\$93,923</u>

Buckeye Valley Local School District  
 Combined Statement of Cash Flows  
 Proprietary Fund Type and Non-Expendable Trust Fund  
 For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Non-Expendable Trust	
<u>Increase (Decrease) in Cash and Cash Equivalents</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$594,811	\$0	\$594,811
Cash Payments for Salaries	(205,583)	0	(205,583)
Cash Payments for Fringe Benefits	(113,040)	0	(113,040)
Cash Payments for Goods and Services	(356,254)	0	(356,254)
Cash Payments for Other Expenses	(2,861)	0	(2,861)
Net Cash Used for Operating Activities	<u>(82,927)</u>	<u>0</u>	<u>(82,927)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Cash Received from Operating Grants	74,587	0	74,587
Cash Received from Operating Transfers In	898	0	898
Cash Payments for Operating Transfers Out	(9,608)	0	(9,608)
Net Cash Provided by Noncapital Financing Activities	<u>65,877</u>	<u>0</u>	<u>65,877</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Cash Payments for Fixed Assets	<u>(6,340)</u>	<u>0</u>	<u>(6,340)</u>
<u>Cash Flows from Investing Activities:</u>			
Cash Received from Interest	<u>4,918</u>	<u>1,777</u>	<u>6,695</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(18,472)	1,777	(16,695)
Cash and Cash Equivalents at Beginning of Year	<u>101,483</u>	<u>29,924</u>	<u>131,407</u>
Cash and Cash Equivalents at End of Year	<u>\$83,011</u>	<u>\$31,701</u>	<u>\$114,712</u>

(continued)

Buckeye Valley Local School District  
 Combined Statement of Cash Flows  
 Proprietary Fund Type and Non-Expendable Trust Fund  
 For the Fiscal Year Ended June 30, 2001  
 (continued)

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Totals
	Enterprise	Non-Expendable Trust	(Memorandum Only)
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u>			
Operating Income (Loss)	(\$127,647)	\$1,777	(\$125,870)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:</u>			
Depreciation	19,037	0	19,037
Donated Commodities Used During Year	12,866	0	12,866
Interest Reported as Operating Income	0	(1,777)	(1,777)
<u>Changes in Assets and Liabilities:</u>			
Decrease in Accounts Receivable	9,448	0	9,448
Increase in Prepaid Items	(237)	0	(237)
Decrease in Inventory Held for Resale	463	0	463
Decrease in Materials and Supplies Inventory	64	0	64
Decrease in Accounts Payable	(1,553)	0	(1,553)
Increase in Accrued Wages and Benefits	678	0	678
Increase in Compensated Absences Payable	180	0	180
Increase in Intergovernmental Payable	3,774	0	3,774
Net Cash Used for Operating Activities	<u>(\$82,927)</u>	<u>\$0</u>	<u>(\$82,927)</u>

Non-Cash Capital Financing Activities:

During fiscal year 2001, the Permanent Improvement capital projects fund purchased fixed assets, in the amount of \$57,776, and donated them to the Food Service enterprise fund.

Reconciliation of Non-Expendable Trust Fund Cash and Cash Equivalents to Balance Sheet:

All Fiduciary Fund Types	\$108,847
Less Agency Funds	(59,540)
Less Expendable Trust Funds	<u>(17,606)</u>
Cash and Cash Equivalents-Non-Expendable Trust Fund	<u>\$31,701</u>

See Accompanying Notes to the General Purpose Financial Statements

**This Page Intentionally Left Blank**

Buckeye Valley Local School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

---

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

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

The School District was established in 1961. The School District serves an area of approximately one hundred ninety-six square miles. It is located in Delaware, Marion, Morrow, and Union Counties. The School District is the 255<sup>th</sup> largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by ninety-four classified employees, one hundred thirty-five certified teaching personnel, and eight administrative employees who provide services to 2,234 students and other community members. The School District currently operates three elementary schools, a junior high school, a high school, an administration building, and a bus garage.

Reporting Entity

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

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

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

Buckeye Valley Local School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

---

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

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

**A. Basis of Presentation - Fund Accounting**

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

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

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

**Governmental Fund Types**

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

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

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

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

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



**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Proprietary Fund Type**

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

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

**Fiduciary Fund Types**

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

**Account Groups**

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

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

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

**B. Measurement Focus and Basis of Accounting**

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

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

Buckeye Valley Local School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary fund type and non-expendable trust fund.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

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

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, income taxes, grants, interest, tuition, and student fees.

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**C. Budgetary Process**

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function in the General Fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level in all funds, except the General Fund, are made by the School District Treasurer.

Tax Budget

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

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

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates, as determined by the County Budget Commission, and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate of estimated resources issued during fiscal year 2001.

Buckeye Valley Local School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Appropriations**

Upon receipt from the County Auditor of an amended certificate of estimated resources, based on final assessed values and tax rates, or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures in the General Fund and at the fund level of expenditures for all other funds, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control.

The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriation resolutions were legally enacted.

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

**Encumbrances**

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

**Lapsing of Appropriations**

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

**D. Cash and Investments**

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

At fiscal year end, the Title VI-B and Title VI special revenue funds had deficit cash balances, in the amount of \$5,785 and \$7,657, respectively. The General Fund provided loans to these funds at fiscal year end to alleviate the deficit fund balances.

Buckeye Valley Local School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2001 was \$216,523, which included \$23,596 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months, and not purchased from the pool, are reported as investments.

**E. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

**F. Inventory**

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

**G. Restricted Assets**

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

**H. Fixed Assets and Depreciation**

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

Buckeye Valley Local School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

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

**I. Interfund Assets/Liabilities**

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

**J. Compensated Absences**

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after ten years of service with the School District.

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

**K. Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments for these obligations made more than sixty days after fiscal year end are considered not to have used current available expendable resources. Bonds, long-term loans, and capital leases are recognized as liabilities in the general long-term obligations account group until due.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**L. Contributed Capital**

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

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1997, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to the proprietary funds have been classified as retained earnings.

**M. Fund Balance Reserves**

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for contributions signifies legal restrictions on the use of principal in the non-expendable trust fund.

**N. Interfund Transactions**

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

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

**O. 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.

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

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

Buckeye Valley Local School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

---

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND EQUITY**

For fiscal year 2001, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. For the School District, the implementation of these statements had no effect on fund balances/retained earnings as previously reported for the fiscal year ended June 30, 2000.

For fiscal year 2001, the School District has increased the threshold amount for capitalizing fixed assets. The threshold amount was increased from \$500 to \$1,000.

Fixed assets and accumulated depreciation in the enterprise funds decreased due to the change in the threshold amount for capitalizing fixed assets. Fixed assets decreased \$76,830, from \$524,051 to \$447,221, and accumulated depreciation decreased \$41,349, from \$245,030 to \$203,681. As a result of the restatement, retained earnings as previously reported as of June 30, 2000, decreased \$35,481, from \$158,644 to \$123,163.

The fixed assets reported in the general fixed assets account group decreased \$1,314,724, from \$24,838,449 to \$23,523,725, due to the change in the threshold amount for capitalizing fixed assets.

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

At June 30, 2001, the Title I special revenue fund had a deficit fund balance of \$532. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**B. Compliance**

The following funds had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 2001.

<u>Fund Type/Fund</u>	<u>Estimated Resources Plus Available Balances</u>	<u>Appropriations</u>	<u>Excess</u>
Special Revenue Funds			
Caitlin Stanich Memorial	\$45	\$145	\$100
Other Grants	17,535	24,313	6,778
Eisenhower	15,926	16,621	695
Title VI-B	179,631	189,684	10,053

(continued)



Buckeye Valley Local School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

---

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE** (continued)

Fund Type/Fund	Estimated Resources Plus Available Balances	Appropriations	Excess
Title I	\$135,676	\$135,861	\$185
Title VI	7,430	16,383	8,953
Athletic Department	3,462	5,966	2,504
Enterprise Fund			
Uniform School Supplies	103,336	123,227	19,891
Expendable Trust Fund			
Scholarship	20,446	43,313	22,867

At fiscal year end, the Title VI-B and Title VI special revenue funds had deficit cash balances, in the amount of \$5,785 and \$7,657, respectively.

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds and as note disclosure in the proprietary fund type and non-expendable trust fund (GAAP basis).
4. For proprietary funds, the acquisition and construction of fixed assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

Buckeye Valley Local School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

---

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING** (continued)

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

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

	Governmental Fund Types				Expendable Trust
	General	Special Revenue	Debt Service	Capital Projects	
GAAP Basis	\$330,584	(\$3,477)	\$80,743	\$536,085	(\$1,759)
<u>Increase (Decrease) Due To:</u>					
Revenue Accruals:					
Accrued FY 2000, Received in Cash FY 2001	1,702,336	233	124,938	46,735	0
Accrued FY 2001, Not Yet Received in Cash	(1,953,107)	(43,961)	(182,507)	(70,195)	0
Expenditure Accruals:					
Accrued FY 2000, Paid in Cash FY 2001	(1,434,422)	(53,062)	0	(96,319)	0
Accrued FY 2001, Not Yet Paid in Cash	1,596,093	41,093	0	83,954	0
Cash Adjustments:					
Unrecorded Activity FY 2000	11,030	0	1,176	2,059	101
Unrecorded Activity FY 2001	(6,131)	(4,765)	(676)	(1,772)	(60)
Prepaid Items	(6,600)	(69)	0	0	0
Encumbrances Outstanding at Year End (Budget Basis)	(281,940)	(44,609)	0	(196,662)	0
Budget Basis	<u>(\$42,157)</u>	<u>(\$108,617)</u>	<u>\$23,674</u>	<u>\$303,885</u>	<u>(\$1,718)</u>

Buckeye Valley Local School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

---

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING** (continued)

Net Income (Loss)/Excess of Revenues Over (Under) Expenses and Transfers  
Proprietary Fund Type and Non-Expendable Trust Fund

	Proprietary Fund Type	Non-Expendable Trust
	Enterprise	
GAAP Basis	(\$52,952)	\$1,777
<u>Increase (Decrease) Due To:</u>		
Revenue Accruals:		
Accrued FY 2000, Received in Cash FY 2001	45,049	0
Accrued FY 2001, Not Yet Received in Cash	(26,635)	0
Expense Accruals:		
Accrued FY 2000, Paid in Cash FY 2001	(80,211)	0
Accrued FY 2001, Not Yet Paid in Cash	83,290	0
Cash Adjustments:		
Unrecorded Activity FY 2000	441	155
Unrecorded Activity FY 2001	(299)	(108)
Prepaid Items	(237)	0
Inventory Held for Resale	463	0
Materials and Supplies Inventory	64	0
Acquisition of Fixed Assets	(6,340)	0
Depreciation Expense	19,037	0
Encumbrances Outstanding at Year End (Budget Basis)	(42)	0
Budget Basis	(\$18,372)	\$1,824

**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

Buckeye Valley Local School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

---

**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

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

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

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

Interim monies may be invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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

Buckeye Valley Local School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

---

**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

At fiscal year end, the School District had \$5,687 in undeposited cash on hand which is included on the balance sheet of the School District as part of “Equity in Pooled Cash and Cash Equivalents”.

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

At fiscal year end, the carrying amount of the School District’s deposits was \$527,659 and the bank balance was \$718,744. Of the bank balance, \$200,000 was covered by federal depository insurance and \$518,744 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

	Category 3	Carrying Amount	Fair Value
Repurchase Agreements	\$1,640,000	\$1,640,000	\$1,640,157
STAR Ohio		1,036,215	1,036,215
Totals		\$2,676,215	\$2,676,372

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, “Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting”. A reconciliation between the classification of cash and cash equivalents and investments on the combined balance sheet and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$3,209,161	\$0
Cash on Hand	(5,287)	0
Investments:		
Repurchase Agreements	(1,640,000)	1,640,000
STAR Ohio	(1,036,215)	1,036,215
GASB Statement No. 3	\$527,659	\$2,676,215

Buckeye Valley Local School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

---

**NOTE 7 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal year runs from July through June. First-half tax distributions are received by the School District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year.

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2001 represent the collection of calendar year 2000 taxes. Real property taxes received in calendar year 2001 were levied after April 1, 2000, on the assessed values as of January 1, 2000, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes received in calendar year 2001 were levied after April 1, 2000, on the assessed values as of December 31, 1999, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2001 (other than public utility property) represent the collection of calendar year 2001 taxes. Tangible personal property taxes received in calendar year 2001 were levied after April 1, 2000, on the value as of December 31, 2000. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Delaware, Marion, Morrow, and Union Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2001, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations and is recognized as revenue at year end. The receivable is offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001, was \$946,969 in the General Fund, \$182,507 in the Bond Retirement debt service fund, and \$70,195 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2000, was \$571,255 in the General Fund, \$113,646 in the Bond Retirement debt service fund, and \$42,511 in the Permanent Improvement capital projects fund.

Accrued property taxes receivable also includes amounts for any late settlements made by the Counties. For fiscal year 2000, these amounts were \$81,665 in the General Fund, \$11,292 in the Bond Retirement debt service fund, and \$4,224 in the Permanent Improvement capital projects fund.

Buckeye Valley Local School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

---

**NOTE 7 - PROPERTY TAXES** (continued)

The assessed values upon which fiscal year 2001 taxes were collected are:

	2000 Second - Half Collections		2001 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$240,707,130	89.66%	\$250,043,050	90.22%
Public Utility	18,956,650	7.06	17,679,020	6.38
Tangible Personal	8,818,276	3.28	9,418,598	3.40
Total Assessed Value	<u>\$268,482,056</u>	<u>100.00%</u>	<u>\$277,140,668</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$34.51		\$34.40	

**NOTE 8 - INCOME TAXES**

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

**NOTE 9 - RECEIVABLES**

Receivables at June 30, 2001, consisted of both property and income taxes, accounts (student fees and billings for user charged services), intergovernmental, and interfund receivables. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Student fees are also considered collectible in full due to the withholding of diplomas and grade cards. Accounts receivable at June 30 were \$23,012.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
General Fund	
North Union LSD	\$3,179
Fairbanks LSD	3,281
Bureau of Workers' Compensation	1,435
Total General Fund	<u>7,895</u>

(continued)

Buckeye Valley Local School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

---

**NOTE 9 - RECEIVABLES** (continued)

	Amount
Special Revenue Funds	
School Farm	
U.S. Department of Agriculture	\$4,312
Eisenhower	
State of Ohio	695
Title VI-B	
State of Ohio	26,826
Title VI	
State of Ohio	8,953
Other Grants	
State of Ohio	3,000
Total Special Revenue Funds	43,786
Enterprise Fund	
Food Service	10,016
Total Intergovernmental Receivables	\$61,697

**NOTE 10 - FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$511,337
Less Accumulated Depreciation	(222,718)
Net Fixed Assets	\$288,619

A summary of the changes in general fixed assets during fiscal year 2001 follows:

	Restated Balance at 6/30/00	Additions	Reductions	Balance at 6/30/01
Land and Improvements	\$883,222	\$0	\$0	\$883,222
Buildings and Improvements	18,319,122	58,700	42,783	18,335,039
Furniture, Fixtures, and Equipment	3,124,810	307,911	14,250	3,418,471
Vehicles	1,196,571	146,040	69,331	1,273,280
Construction in Progress	0	88,921	0	88,921
Totals	\$23,523,725	\$601,572	\$126,364	\$23,998,933



Buckeye Valley Local School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

---

**NOTE 11 - INTERFUND ASSETS/LIABILITIES**

At June 30, 2001, the General Fund had an interfund receivable, in the amount of \$13,442, and the Title VI-B and Title VI special revenue funds had interfund payables, in the amount of \$5,785 and 7,657, respectively.

**NOTE 12 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted for the following insurance coverage.

Coverage provided by Nationwide Insurance is as follows:

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

Coverage provided by Scharer Insurance is as follows:

Building and Contents/Boiler and Machinery (\$1,000 deductible)	40,393,737
Inland Marine Coverage (\$100 deductible)	
Equipment	402,422
Musical Instruments	186,612

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

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

Buckeye Valley Local School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

---

**NOTE 12 - RISK MANAGEMENT** (continued)

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

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

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$586,588, \$369,112, and \$358,196, respectively; 82 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$106,929, is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

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

**NOTE 13 - DEFINED BENEFIT PENSION PLANS** (continued)

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 4.2 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 5.5 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$76,628, \$91,083, and \$126,016, respectively; 42 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$44,186, is recorded as a liability within the respective funds and the general long-term obligations account group.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2001, all of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2001, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$277,857.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,419 million at June 30, 2000 (the latest information available). For the fiscal year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000, and STRS had 99,011 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.

Buckeye Valley Local School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

---

**NOTE 14 - POSTEMPLOYMENT BENEFITS** (continued)

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 from fiscal year 2000. 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 was established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$210,774 for fiscal year 2001.

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 for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340, and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**NOTE 15 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits is derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to the maximum of seventy-five days for classified employees and thirty days for certified employees. In addition, sick leave in excess of one hundred twenty days is calculated on a basis of the total accumulated sick leave days up to and including two hundred ten days multiplied by .357 for classified employees, and up to and including two hundred fifteen days multiplied by .333 for certified employees.

**B. Insurance Benefits**

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

Buckeye Valley Local School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

---

**NOTE 16 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	Balance at 6/30/00	Additions	Reductions	Balance at 6/30/01
School Building Bonds				
FY 1996 4.100%	\$12,905,000	\$0	\$335,000	\$12,570,000
Stadium Construction Loan				
FY 2001 4.841%	0	603,376	0	603,376
Total General Obligation Debt	12,905,000	603,376	335,000	13,173,376
Compensated Absences Payable	1,203,116	107,424	0	1,310,540
Intergovernmental Payable	104,723	109,765	104,723	109,765
Capital Leases Payable	138,467	0	31,040	107,427
Total General Long-Term Obligations	<u>\$14,351,306</u>	<u>\$820,565</u>	<u>\$470,763</u>	<u>\$14,701,108</u>

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

FY 2001 Stadium Construction Loan - On May 18, 2001, the School District obtained a loan, in the amount of \$603,376, for the construction of an athletic stadium. The loan has an interest rate of 4.841 percent. The loan will be paid over a five year period, with final maturity in fiscal year 2006. The loan is being retired from the Permanent Improvement capital projects fund.

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

The School District's overall debt margin was \$12,184,911 with an unvoted debt margin of \$89,392 at June 30, 2001.

Buckeye Valley Local School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

---

**NOTE 16 - LONG-TERM OBLIGATIONS** (continued)

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2001, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2002	\$459,415	\$767,312	\$1,226,727
2003	479,775	745,324	1,225,099
2004	505,400	721,882	1,227,282
2005	526,299	696,942	1,223,241
2006	552,487	670,455	1,222,942
2007-2011	2,560,000	2,854,692	5,414,692
2012-2016	3,440,000	1,840,208	5,280,208
2021	4,650,000	633,675	5,283,675
	<u>\$13,173,376</u>	<u>\$8,930,490</u>	<u>\$22,103,866</u>

**NOTE 17 - CAPITAL LEASES - LESSEE DISCLOSURE**

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

General fixed assets consisting of equipment have been capitalized in the general fixed assets account group, in the amount of \$177,498. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2001 were \$31,040 in the governmental funds.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2001.

Fiscal Year Ending June 30,	GLTDAG
2002	\$48,331
2003	48,331
2004	29,811
Subtotal	126,473
Less Amount Representing Interest	(19,046)
Present Value of Minimum Lease Payments	<u>\$107,427</u>

Buckeye Valley Local School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

---

**NOTE 18 - SET ASIDE REQUIREMENTS**

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2001.

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Balance June 30, 2000	\$211,080	\$0	\$68,829
Current Year Set Aside Requirement	319,362	319,362	0
Legislative Reduction	0	0	(68,829)
Current Year Offsets	0	(319,362)	0
Qualifying Expenditures	(484,265)	(0)	0
Balance June 30, 2001	<u>\$46,177</u>	<u>\$0</u>	<u>\$0</u>

The total reserve balance for the set asides at the end of the fiscal year was \$46,177.

**NOTE 19 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Buckeye Valley Local School District as of and for the fiscal year ended June 30, 2001.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$506,636	\$78,727	\$585,363
Depreciation Expense	19,037	0	19,037
Operating Loss	(115,711)	(11,936)	(127,647)
Federal Donated Commodities	12,866	0	12,866
Operating Grants	65,621	0	65,621
Operating Transfers In	0	898	898
Operating Transfers Out	0	9,608	9,608

(Continued)

Buckeye Valley Local School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

---

**NOTE 19 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS** (continued)

	Food Service	Uniform School Supplies	Total Enterprise Funds
Net Loss	(\$32,306)	(\$20,646)	(\$52,952)
Fixed Asset Additions	64,116	0	64,116
Current Capital Contributions	57,776	0	57,776
Net Working Capital	25,381	17,245	42,626
Total Assets	389,130	17,245	406,375
Total Equity	299,636	17,245	316,881
Encumbrances Outstanding at Year End (Budget Basis)	9	33	42

**NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS**

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

The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of TRECA consists of one representative from each county elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. Financial information can be obtained from Mike Carder, who serves as Director, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

**B. Delaware Joint Vocational School**

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



**NOTE 21 - INSURANCE POOLS**

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

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

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

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

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

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

**NOTE 22 - CONTINGENT LIABILITIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

**B. Litigation**

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

**NOTE 23 - STATE 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 was 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 will result in an increase in State funding for most Ohio school districts. However, as of January 15, 2001, 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 Supreme 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 School 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.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT  
DELAWARE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDING JUNE 30, 2001**

Federal Grantor/ Pass through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. Department Of Agriculture</b>						
<i>Passed through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution		10.550	-	9,955	-	12,865
National School Lunch Program	LL-P1 2000/2001 LL-P4 2000/2001	10.555	68,776	-	68,776	-
School Milk Program	02 PU 2000/2001	10.556	3,006	-	3,006	-
Total U.S. Dept. Of Agriculture - Nutrition Cluster			<u>71,782</u>	<u>9,955</u>	<u>71,782</u>	<u>12,865</u>
<b>U.S. Department of Education</b>						
<i>Passed through Ohio Department of Education:</i>						
Title I	C1 S1 2001	84.010	107,569	-	127,088	-
Special Education Cluster:						
Special Education_Grants to States	6B SF 2000	84.027	154,290	-	168,643	-
Special Education_Preschool Grants	PG S1 1999	84.173	3,935	-	3,935	-
Total - Special Education Cluster			<u>158,225</u>	<u>-</u>	<u>172,578</u>	<u>-</u>
Safe and Drug Free Schools and Communities	DR S1 2001	84.186	9,148	-	9,148	-
Eisenhower Professional Development State Grant	MS S1 2000 MS S1 2001	84.281	11,313	-	6,755	-
Innovation Education Program Strategies	C2 S1 2001	84.298	1,965	-	15,087	-
Class Size Reduction	CR S1 2001	84.340	28,738	-	28,738	-
Total U.S. Department of Education			<u>316,958</u>	<u>0</u>	<u>359,394</u>	<u>0</u>
<b>U.S. Department of Health and Human Services</b>						
<i>Passed through Ohio Department of Education:</i>						
Dependent Care Plan	DC S1 2000	93.673	2,548	-	13,656	-
<b>Total Federal Awards Receipts and Expenditures</b>			<u>391,288</u>	<u>9,955</u>	<u>444,832</u>	<u>12,865</u>

See accompanying notes to the Schedule.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT  
DELAWARE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
JUNE 30, 2001**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and 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.

**NOTE B -FOOD DISTRIBUTION**

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.



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

35 North Fourth Street  
Columbus, Ohio 43215  
Telephone 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

Board of Education  
Buckeye Valley Local School District  
679 Coover Road  
Delaware, Ohio 43015

We have audited the general purpose financial statements of the Buckeye Valley Local School District, Franklin County, Ohio (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated January 15, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-10621-001 and 2001-10621-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 15, 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 financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2001-10621-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 15, 2002.

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

**JIM PETRO**  
Auditor of State

January 15, 2002



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

35 North Fourth Street  
Columbus, Ohio 43215  
Telephone 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
www.auditor.state.oh.us

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

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

**Compliance**

We have audited the compliance of the Buckeye Valley Local School District, Delaware County, Ohio (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2001. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 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 for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**JIM PETRO**  
Auditor of State

January 15, 2002



**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2001**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Title I, CFDA # 84.010  Special Education Cluster, CFDA # 84.027 & CFDA # 84.173
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2001  
(Continued)**

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

**FINDING NUMBER 2001-10621-001**

**Appropriations Exceeding Certified Resources**

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

The following funds had appropriations which exceeded the total certified resources for Fiscal Year 2001:

Fund Type/Fund	Total Certified Resources	Appropriations	Excess
Special Revenue Funds			
Caitlin Stanich Memorial	\$45	\$145	\$100
Other Grants	17,535	24,313	6,778
Eisenhower	15,926	16,621	695
Title VI-B	179,631	189,684	10,053
Title I	135,676	135,861	185
Title VI	7,430	16,383	8,953
Capital Projects Funds			
Athletics	3,462	5,966	2,504
Enterprise Fund			
Uniform School Supplies	103,336	123,227	19,891
Non-Expendable Trust Fund			
Scholarship	20,446	43,313	22,867

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

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

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2001  
(Continued)**

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

**FINDING NUMBER 2001-10621-002**

**Finding Repaid Under Audit**

The District has a contract with Verizon Wireless to provide a cellular phone to the Title VI-B Coordinator, Jackie Johnson. The cost of the cellular phone is included in the Title VI-B grant budget.

Ms. Johnson utilized the cellular phone for personal phone calls in addition to those made for business purposes. The cost of the personal phone calls calculated to \$374.80 (937 minutes at \$.40 per minute).

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery was issued against Jackie Johnson for public property converted or misappropriated in the amount of \$374.80, and in favor of the Buckeye Valley Local School District Title VI-B fund.

On January 15, 2002, Jackie Johnson repaid the District \$374.80.

**FINDING NUMBER 2001-10621-003**

The District should accurately post estimated resources approved by the budget commission to the accounting ledgers and system in a timely manner.

Budgeted receipts were not accurately and timely posted to the system throughout the fiscal year.

The lack of timely updates to the accounting system could lead to improperly stated budgetary reports and ineffective monitoring of appropriations versus estimated resources.

We recommend the District accurately post estimated resources approved by the budget commission to the accounting system in a timely. The Board should periodically review the budgetary reports to ensure they match Certificates of Estimated Resources.

**This Page Intentionally Left Blank**

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT  
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2001**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Status of Findings</u></b>
2000-10621-001	Ohio Rev. Code Section 5705.41(B) - expenditures exceeding appropriations.	Corrected
2000-10621-002	Ohio Rev. Code Section 5705.39 - appropriations exceeding estimated resources.	The District has not yet corrected this area of concern. See Finding Number 2001-10621-001.
2000-10621-003	Fixed Asset Policy	Corrected
2000-10621-004	School Age Childcare (SACC) Tuition Fees	Corrected
2000-10621-005	Timely and Accurate Posting of Budgetary Activity	Partially corrected. The District did not post estimated resources to the accounting system in a timely and accurate manner. See Finding Number 2001-10621-003.
2000-10621-006	Project Cash Requests for Title VI-B federal funding.	Partially corrected. This finding is included as an Ohio Revised Code citation in the District's Management Letter.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT**

**DELAWARE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 12, 2002**