



**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
General Purpose Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund.	5
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Comparison (Non-GAAP Budgetary Basis) All Governmental Fund Types	6
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance - All Proprietary Fund Types and Nonexpendable Trust Fund	8
Combined Statement of Cash Flows - All Proprietary Fund Types and Nonexpendable Trust Fund	9
Notes to the General Purpose Financial Statements	11
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	39

This Page Intentionally Left Blank



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

Buckeye Central Local School District
Crawford County
P.O. Box 368
New Washington, Ohio 44854

To the Board of Education:

We have audited the accompanying general purpose financial statements of Buckeye Central Local School District, Crawford County, Ohio, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Buckeye Central Local School District, Crawford County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2000, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

JIM PETRO
Auditor of State

November 20, 2000

This Page Intentionally Left Blank

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets		General Long-Term Obligations
ASSETS AND OTHER DEBITS										
ASSETS:										
Equity In Pooled Cash And Cash Equivalents And Investments	\$776,184	\$152,162	\$21,481	\$195,575	\$27,669	\$256,930	\$22,966		\$1,452,967	
Equity In Pooled Cash And Cash Equivalents And Investments - Nonexpendable Trust Fund							159,483		159,483	
Cash With Fiscal Agent			750						750	
Receivables (Net Of Allowances Of Uncollectibles):										
Taxes - Current & Delinquent Accounts	1,488,354								1,488,354	
Accrued Interest	161	508							669	
Due From Other Governments	1,021						975		1,996	
Prepayments					3,951				3,951	
Materials And Supplies Inventory	5,519								5,519	
Restricted Assets:	5,276				3,269				8,545	
Equity In Pooled Cash And Cash Equivalents										
Property, Plant And Equipment (Net Of Accumulated Depreciation Where Applicable)	55,206								55,206	
					17,405			\$7,334,194	7,351,599	
OTHER DEBITS:										
Amount Available In Debt Service								\$21,481	21,481	
Amount To Be Provided For Retirement Of General Long-Term Obligations								189,405	189,405	
Total Assets and Other Debits	\$2,331,721	\$152,670	\$22,231	\$195,575	\$52,294	\$256,930	\$183,424	\$7,334,194	\$210,886	\$10,739,925

The Notes The General Purpose Financials Statement Are An Integral Part Of This Statement

BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000
(Continued)

				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
	Insert Financials Here								
Accounts Payable	\$19,020	\$2,899							\$21,919
Accrued Wages And Benefits	339,648	18,749		\$13,317					371,714
Compensated Absences Payable	5,467			7,616				\$131,155	144,238
Pension Obligation Payable	58,926			10,675				28,858	98,459
Matured Interest Payable		\$750							750
Deferred Revenue	803,173			1,401					804,574
Due To Students						\$22,777			22,777
Capital Lease Obligation								34,873	34,873
Energy Conservation Notes Payable								16,000	16,000
Total Liabilities	1,226,234	21,648	750	33,009		22,777		210,886	1,515,304
EQUITY AND OTHER CREDITS:									
Investment In General Fixed Assets							\$7,334,194		7,334,194
Contributed Capital				12,583					12,583
Retained Earnings (Accumulated Deficit):									
Unreserved				6,702	\$256,930				263,632
Fund Balances:									
Reserved For Encumbrances	104,164	20,883	\$3,800						128,847
Reserved For Materials And Supplies									
Inventory	5,276								5,276
Reserved For Prepayments	5,519								5,519
Reserved For Debt Service		16,000							16,000
Reserved For Tax Revenue Unavailable									
For Appropriation	387,818								387,818
Reserved For Principal Endowment						150,000			150,000
Reserved For Budget Stabilization	55,206								55,206
Unreserved-Undesignated	547,504	110,139	5,481	191,775		10,647			865,546
Total Equity And Other Credits	1,105,487	131,022	21,481	195,575	19,285	256,930	160,647	7,334,194	9,224,621
Total Liabilities, Equity And Other Credits	\$2,331,721	\$152,670	\$22,231	\$195,575	\$52,294	\$256,930	\$183,424	\$7,334,194	\$10,739,925

The Notes To The General Purpose Financial Statements Are An Integral Part Of This Statement

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
JUNE 30, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
From Local Sources:						
Taxes	\$2,016,376					\$2,016,376
Earnings On Investments	71,100	\$69				71,169
Extracurricular		53,339				53,339
Other Local Revenues	37,123					37,123
Other Revenue	100,000					100,000
Intergovernmental - State	1,528,323	111,052		\$21,000		1,660,375
Intergovernmental - Federal		93,634				93,634
Total Revenue	3,752,922	258,094		21,000		4,032,016
Expenditures:						
Current:						
Instruction:						
Regular	1,770,379	7,000		17,200		1,794,579
Special	270,172	56,850				327,022
Vocational	54,764					54,764
Support services:						
Pupil	95,929	2,762				98,691
Instructional Staff	73,562	5,917				79,479
Board Of Education	12,635					12,635
Administration	437,408					437,408
Fiscal	148,496	872				149,368
Business	13,518					13,518
Operations And Maintenance	296,344					296,344
Pupil Transportation	264,909					264,909
Central		3,868				3,868
Community Services	1,631	791				2,422
Extracurricular Activities	98,776	46,176				144,952
Facilities Acquisition And Construction	24,734			40,700		65,434
Capital Outlay	11,246					11,246
Intergovernmental Pass Through		71,459				71,459
Debt Service:						
Principal Retirement	12,689		\$70,000			82,689
Interest And Fiscal Charges	3,650		3,295			6,945
Total Expenditures	3,590,842	195,695	73,295	57,900		3,917,732
Excess (Deficiency) Of Revenues Over (Under) Expenditures	162,080	62,399	(73,295)	(36,900)		114,284
Other Financing Sources (Uses):						
Operating Transfers In			17,700	60,000		77,700
Operating Transfers Out	(104,265)					(104,265)
Proceeds Of Capital Lease Transaction	11,246					11,246
Total Other Financing Sources (Uses)	(93,019)		17,700	60,000		(15,319)
Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Uses	69,061	62,399	(55,595)	23,100		98,965
Fund Balances, July 1, 2000	1,034,290	68,623	77,076	172,475	\$189	1,352,653
Increase In Reserve For Inventory	2,136					2,136
Fund Balances, June 30, 2000	\$1,105,487	\$131,022	\$21,481	\$195,575	\$189	\$1,453,754

The Notes To The General Purpose Financial Statement Are An Integral Part Of This Statement

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
JUNE 30, 2000**

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
From Local Sources:						
Taxes	\$2,053,000	\$2,057,358	\$4,358			
Earnings On Investments	66,000	71,157	5,157	\$58	\$69	\$11
Extracurricular				52,065	53,425	1,360
Other Local Revenues	35,250	37,361	2,111			
Other Revenue	100,000	100,000	0			
Intergovernmental - State	1,526,800	1,528,323	1,523	107,124	111,052	3,928
Intergovernmental - Federal				93,173	93,173	0
Total Revenues	3,781,050	3,794,199	13,149	252,420	257,719	5,299
Expenditures:						
Current:						
Instruction:						
Regular	1,795,477	1,777,539	17,938	7,000	7,000	0
Special	269,061	267,853	1,208	100,961	61,199	39,762
Vocational	54,823	54,476	347			
Support Services:						
Pupil	98,315	95,975	2,340	3,626	2,814	812
Instructional Staff	75,966	74,360	1,606	21,221	7,645	13,576
Board of Education	14,825	12,619	2,206			
Administration	461,807	456,034	5,773			
Fiscal	149,442	147,904	1,538	1,899	849	1,050
Business	28,700	28,678	22			
Operations and Maintenance	329,814	328,987	827	10,000	0	10,000
Pupil Transportation	325,526	324,508	1,018	810	0	810
Central				8,451	5,709	2,742
Community Services	35,088	34,084	1,004	1,619	0	1,619
Extracurricular Activities	100,323	98,731	1,592	83,025	48,936	34,089
Facilities Acquisition and Construction	25,000	24,734	266			
Intergovernmental Pass Through				96,417	77,646	18,771
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	3,764,167	3,726,482	37,685	335,029	211,798	123,231
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,883	67,717	50,834	(82,609)	45,921	128,530
Other Financing Sources (Uses):						
Operating Transfers In						
Operating Transfers (Out)	(77,700)	(77,700)	0			
Total Other Financing Sources (Uses)	(77,700)	(77,700)	0			
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(60,817)	(9,983)	50,834	(82,609)	45,921	128,530
Fund Balances, July 1, 2000	617,696	617,696	0	54,995	54,995	0
Prior Year Encumbrances Appropriated	102,588	102,588	0	27,614	27,614	0
Fund Balances, June 30, 2000	\$659,467	\$710,301	\$50,834	\$0	\$128,530	\$128,530

The Notes To The General Purpose Financial Statement Are An Integral Part Of This Statement

Debt Service			Capital Projects			Total (Memorandum only)		
Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
						\$2,053,000	\$2,057,358	\$4,358
						66,058	71,226	5,168
						52,065	53,425	1,360
						35,250	37,361	2,111
						100,000	100,000	0
			\$21,000	\$21,000	\$0	1,654,924	1,660,375	5,451
						93,173	93,173	0
			21,000	21,000	0	4,054,470	4,072,918	18,448
			21,000	21,000	0	1,823,477	1,805,539	17,938
						370,022	329,052	40,970
						54,823	54,476	347
						101,941	98,789	3,152
						97,187	82,005	15,182
						14,825	12,619	2,206
						461,807	456,034	5,773
\$2,070	\$0	\$2,070				153,411	148,753	4,658
						28,700	28,678	22
						339,814	328,987	10,827
						326,336	324,508	1,828
						8,451	5,709	2,742
						36,707	34,084	2,623
						183,348	147,667	35,681
			232,475	40,700	191,775	257,475	65,434	192,041
						96,417	77,646	18,771
70,000	70,000	0				70,000	70,000	0
20,005	3,295	16,710				20,005	3,295	16,710
92,075	73,295	18,780	253,475	61,700	191,775	4,444,746	4,073,275	371,471
(92,075)	(73,295)	18,780	(232,475)	(40,700)	191,775	(390,276)	(357)	389,919
15,000	17,700	2,700	60,000	60,000	0	75,000	77,700	2,700
						(77,700)	(77,700)	0
15,000	17,700	2,700	60,000	60,000	0	(2,700)	0	2,700
(77,075)	(55,595)	21,480	(172,475)	19,300	191,775	(392,976)	(357)	392,619
77,075	77,075	0	132,475	132,475	0	882,241	882,241	0
0	0	0	40,000	40,000	0	170,202	170,202	0
\$0	\$21,480	\$21,480	\$0	\$191,775	\$191,775	\$659,467	\$1,052,086	\$392,619

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
Operating Revenues:				
Tuition and Fees	\$289			\$289
Sales/Charges For Services	119,294			119,294
Investment Earnings			\$8,431	8,431
Total Operating Revenues	119,583		8,431	128,014
Operating Expenses:				
Personal Services	111,190			111,190
Purchased Services	4,050	\$64,787		68,837
Materials and Supplies	80,329			80,329
Depreciation	2,633			2,633
Other Operating Expenses			2,750	2,750
Total Operating Expenses	198,202	64,787	2,750	265,739
Operating Income (Loss)	(78,619)	(64,787)	5,681	(137,725)
Nonoperating Revenues (Expenses):				
Operating Grants	38,313			38,313
Federal Commodities	14,682			14,682
Interest Revenue		13,701		13,701
Total Nonoperating Revenues (Expenses)	52,995	13,701		66,696
Net Income (Loss) Before Operating Transfers	(25,624)	(51,086)	5,681	(71,029)
Operating Transfer In	26,565			26,565
Net Income (Loss)	941	(51,086)	5,681	(44,464)
Depreciation on Fixed Assets Acquired By Contributed Capital	2,633			2,633
Retained Earnings/Fund Balance, July 1, 2000	3,128	308,016	154,777	465,921
Retained Earnings/Fund Balance, June 30, 2000	6,702	256,930	160,458	424,090
Contributed Capital, July 1, 2000	15,216			15,216
Depreciation On Fixed Assets Acquired By Contributed Capital	(2,633)			(2,633)
Contributed Capital, June 30, 2000	12,583			12,583
Total Fund Equity, June 30, 2000	\$19,285	\$256,930	\$160,458	\$436,673

The Notes To The General Purpose Financial Statement Are An Integral Part Of This Statement

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
Cash Flows From Operating Activities:				
Cash Received From Tuition And Fees	\$289			\$289
Cash Received From Sales/Service Charges	119,294			119,294
Cash Payments For Personal Services	(108,634)			(108,634)
Cash Payments For Purchased Services	(4,184)	(\$64,787)		(68,971)
Cash Payments For Materials And Supplies	(64,484)			(64,484)
Cash Payments For Other Expenses			(\$2,750)	(2,750)
Net Cash Used In Operating Activities	<u>(57,719)</u>	<u>(64,787)</u>	<u>(2,750)</u>	<u>(125,256)</u>
Cash Flows From Noncapital Financing Activities:				
Cash Received From Operating Grants	39,636			39,636
Cash Received From Operating Transfer In	26,565			26,565
Net Cash Provided By Noncapital Financing Activities	<u>66,201</u>			<u>66,201</u>
Cash Flows From Investing Activities:				
Interest Received		13,701	7,579	21,280
Net Cash Provided By Investing Activities		<u>13,701</u>	<u>7,579</u>	<u>21,280</u>
Net Increase (Decrease) In Cash And Cash Equivalents	8,482	(51,086)	4,829	(37,775)
Cash And Cash Equivalents At Beginning Of Year	<u>19,187</u>	<u>308,016</u>	<u>154,654</u>	<u>481,857</u>
Cash And Cash Equivalents At End Of Year	<u>\$27,669</u>	<u>\$256,930</u>	<u>\$159,483</u>	<u>\$444,082</u>
Reconciliation Of Operating Income (Loss)				
To Net Cash Used In Operating Activities:				
Operating Income (Loss)	(\$78,619)	(\$64,787)	\$5,681	(\$137,725)
Adjustments To Reconcile Operating Income (Loss)				
To Net Cash Used In Operating Activities:				
Depreciation	2,633			2,633
Federal Donated Commodities	14,682			14,682
Interest Reported As Operating Income			(8,431)	(8,431)
Changes In assets And Liabilities:				
Increase In Materials And Supplies Inventory	1,430			1,430
Increase (Decrease) In Accounts Payable	(134)			(134)
Increase In Accrued Wages And Benefits	(4,483)			(4,483)
Decrease In Compensated Absences Payable	(3,636)			(3,636)
Increase In Pension Obligation Payable	10,675			10,675
Decrease In Deferred Revenue	(267)			(267)
Net Cash Used In Operating Activities	<u>(\$57,719)</u>	<u>(\$64,787)</u>	<u>(\$2,750)</u>	<u>(\$125,256)</u>

The Notes To The General Purpose Financial Statement Are An Integral Part Of This Statement

This Page Intentionally Left Blank

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. DESCRIPTION OF THE SCHOOL DISTRICT

The Buckeye Central Local School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and the privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

The District ranks as the 593rd largest by total revenue among the 660 public and community school districts in the State, and 6th largest in Crawford County. The District employed 46 certificated employees and 30 non-certificated employees who provide services to 590 students. Local school districts are supervised by the County Board of Education, a separate entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements (GPFS) of the 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 District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity." When applying GASB Statement No. 14, management has considered all potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the Board's ability to exercise significant oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has no component units. The following organizations are described due to their relationship with the District:

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity

Public Entity Risk Pools

Wyandot Crawford Health Benefit Plan

The District is a member of the Wyandot Crawford Health Benefit Plan, which is a consortium established between the District, Galion City Schools, Carey Exempted Village Schools, Colonel Crawford Local Schools, and Upper Sandusky Exempted Village Schools to act as a common risk management and insurance program. Refer to Note 12 for further information on this insurance pool.

Ohio School Boards Association Workers' Compensation Group Rating Program (GRP)

The District participates in a group rating plan for workers' compensation as established in Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Program was established as an insurance purchasing pool and is governed by a three-member Board of Directors. The Executive Director of the Ohio School Boards Association, or his/her designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. Refer to Note 12 for further information on this group rating plan.

Jointly Governed Organization:

Northern Ohio Educational Computer Association (NOECA)

The District is a participant in the Northern Ohio Educational Computer Association (NOECA), which is a computer consortium. NOECA is an association of thirty-eight public school districts 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 NOECA Board of Directors consists of two representatives from each county in which participating school districts are located, the chairman of each of the operating committees, and a representative from the fiscal agent. Financial information can be obtained from Betty Schwiefert, who serves as Controller, 2900 South Columbus Avenue, Sandusky, Ohio 44870.

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Governmental Funds

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

General Fund

The general fund is the general operating fund of the 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 District for any purpose provided it is expended or transferred according to the general laws of the State of Ohio.

Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures 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 debt principal, interest, and related costs.

Capital Projects Funds

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

Proprietary Funds

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's proprietary fund types:

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Proprietary Funds(Continued)

Enterprise Funds

The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body 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 (b) where the governing body has 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.

Internal Service Fund

The internal service fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include an expendable trust fund, nonexpendable trust fund and an agency fund. The expendable trust fund is accounted for in the same manner as governmental funds. The nonexpendable 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. The agency fund is presented on a budget basis, with note disclosure, regarding items which, in other fund types, would be subject to accrual. See Note 3.B. for an analysis of the agency fund accruals which, in other fund types, would be recognized in the combined balance sheet.

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 general nature, the following account groups are used.

General Fixed Assets Account Group

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Account Groups (Continued)

General Long-Term Obligations Account Group

This group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the proprietary funds.

C. Measurement Focus/Basis of Accounting

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

All proprietary funds and the nonexpendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for governmental funds and the expendable trust fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year end. Revenues accrued at the end of the year include taxes, (to the extent they are intended to finance the current fiscal year), interest, and accounts (student fees and tuition). Current property taxes measurable as of June 30, 2000, and which are intended to finance fiscal 2001 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue. In proprietary funds, unused donated commodities are reported as deferred revenue.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting (Continued)

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exception: general long-term obligation principal and interest are reported only when due; and costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The proprietary funds and nonexpendable trust fund are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense and a like amount is reported as donated commodities revenue.

D. Budgets

Other than the agency fund, the District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2000 is as follows:

1. Prior to January 15 of the preceding year, 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 expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Crawford County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2000.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets (Continued)

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control (State statute permits a temporary appropriation measure to be effective until no later than October 1 of each year). Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations 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.
5. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education. Functional allocations are made by the Treasurer.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during 2000. The amounts reported in the budgetary statement reflect the original appropriations plus all modifications legally enacted by the Board.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 16 provides a reconciliation of the budgetary and GAAP basis of accounting and Note 13 discloses encumbrances outstanding for the enterprise funds at fiscal year end.

E. Cash and Investments

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments (Continued)

During fiscal year 2000, investments were limited to STAR Ohio, non-negotiable certificates of deposits, and repurchase agreements. Investments are stated at cost except for investments in STAR Ohio which are reported at fair value. Fair value is based on quoted market prices.

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, 2000.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal 2000 amounted to \$71,100, which includes \$30,272 assigned from other 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 original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

F. Inventory

Inventories for all governmental funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicates they are unavailable for appropriation even though they are a component of reported assets.

Inventories of proprietary funds consist of donated food, purchased food, food service paper and janitorial supplies and are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$150. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized over the remaining useful lives of the related fixed assets, as applicable. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed asset account group.

2. Proprietary Funds

Equipment reflected in these funds is stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date donated. Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of the interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Depreciation has been provided, where appropriate, on a straight-line basis.

<u>Asset</u>	<u>Life (years)</u>
Buildings	50
Equipment	8 - 20
Vehicles	3 - 5

H. Intergovernmental Revenues

In governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Intergovernmental Revenues (Continued)

Non-Reimbursable Grants

Special Revenue Funds

Education Management Information Systems
Title VI-B
Title I
Title VI
Drug Free School Grant
Auxiliary Services
Teacher Development
Ohio Reads
Eisenhower
Title VI-R
Safe Schools

Capital Projects Funds

School Net

Reimbursable Grants

General Fund

Driver Education Reimbursement

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately 42% of the District's operating revenue during the 2000 fiscal year.

I. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences," a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences

For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

The current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees are paid. The remainder has been recorded in the General Long Term Obligations Account Group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. Long-Term Obligations

For long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a government fund. The remaining portion of such obligations is reported in the General Long-Term Obligation Account Group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

K. Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants, or contributions from developers, customers, or other funds. These assets are recorded at their fair market value on the date contributed. Depreciation expense on depreciable fixed assets is closed directly to the contributed capital account that was created when the resource was received.

L. Fund Equity

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, materials and supplies inventory, prepayments, debt service, tax revenue unavailable for appropriation, principal endowment and budget stabilization. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds. The reserve for tax revenue unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriations under State statute.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Interfund Transactions

During the course of normal operations, the District may have numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.

See Note 5 for an analysis of interfund transactions.

N. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute. A fund balance reserve has also been established. See Note 19 for detail of statutory reserves.

O. Estimates

The preparation of the GPFS in conformity with GAAP 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. Prepayments

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period end, because prepayment is not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

Q. Parochial School

Within the District boundaries is St. Bernards, which is operated through the Toledo Catholic Diocese. Current State legislation provides funding to this school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the school. The fiduciary responsibility of the District for these monies is reflected in a special revenue fund for financial reporting purposes.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Memorandum Only - Total Columns

Total columns on the GPFS are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

3. ACCOUNTABILITY AND COMPLIANCE

A. Deficit Fund Balances

Fund balance at June 30, 2000 included the following individual fund deficits:

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Disadvantaged Pupil Impact Aid	\$ (21)
Title	(5,788)

The Disadvantaged Pupil Impact Aid and Title I special revenue funds complied with Ohio state law, which does not permit a cash basis deficit at year end. These deficit fund balances are caused by accruing wage and benefit obligations in accordance with GAAP. These deficit fund balances will be eliminated by intergovernmental revenues and subsidies not recognized at June 30.

B. Agency Fund

The following are accruals for the agency fund, which, in another fund type, would be recognized in the combined balance sheet:

<u>LIABILITIES</u>	
Account payable	\$47

4. EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents and Investments". Statutes require the classification of monies held by the District into three categories:

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. EQUITY IN POOLED CASH 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 accounts, including passbook accounts.

Protection of the 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 deposited or invested in the following securities:

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

Cash on hand: At fiscal year end, the District had \$80 in undeposited cash on hand which is included on the combined balance sheet of the District as part of "Equity in Pooled Cash, Cash Equivalents and Investments."

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

Deposits: At year end, the carrying amount of the District's deposits was \$116,469 and the bank balance was \$209,550. These balances included \$164,708 in a nonnegotiable certificate of deposit. Of the bank balance:

1. \$135,474 was covered by federal depository insurance; and
2. \$74,076 was uninsured and unregistered because it was secured by collateral held by third party trustees, pursuant to section 135.181 Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

Collateral is required for demand deposits and certificates of deposits in excess of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of other states. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

Investments:

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	<u>Category 3</u>	<u>Reported Amount</u>	<u>Fair Value</u>
Repurchase agreement	<u>\$957,860</u>	\$957,860	\$957,860
Investment in STAR Ohio		<u>593,997</u>	<u>593,997</u>
Total Investments		<u>\$1,551,857</u>	<u>\$1,551,857</u>

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 Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of equity in pooled cash and cash equivalents and investments on the combined balance sheet (per GASB Statement No. 9) and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$1,503,698	\$164,708
Investment in STAR Ohio	(593,997)	593,997
Repurchase agreement	(957,860)	957,860
CD with maturity over 90 days	164,708	(164,708)
Cash on hand	<u>(80)</u>	<u>---</u>
GASB Statement No. 3	<u>\$ 116,469</u>	<u>\$1,551,857</u>

5. INTERFUND TRANSACTIONS

The following is a summarized breakdown of the District's operating transfers for fiscal year 2000:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ ---	\$104,265
Debt Service Fund	17,700	---
<u>Capital Projects Funds</u>		
Permanent Improvement	<u>60,000</u>	<u>---</u>
<u>Enterprise</u>		
Food Service	<u>26,565</u>	<u>---</u>
Total	<u>\$104,265</u>	<u>\$104,265</u>

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

6. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District. Real property taxes and public utility taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value except for the personal property of rural electric companies which is assessed 50% of market and railroads which are assessed at 29%.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The assessed value upon which the 2000 taxes were collected was \$45,806,730. Agricultural/Residential and public utility real estate represented \$36,083,180 or 78.77% of this total; Commercial & Industrial real estate represented \$3,062,430 or 6.69% of this total, public utility tangible represented \$3,545,610 or 7.74% of this total and general tangible property represented \$3,115,510 or 6.80% of this total. The voted general tax rate at the fiscal year ended June 30, 2000 was \$45.00 per \$1,000.00 of assessed valuation for operations.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

The District receives property taxes from Richland, Crawford, Seneca and Huron Counties. The respective County Treasurers collect property taxes on behalf of the District. The respective County Auditors periodically remit to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue. A total of \$387,818 was available to the District as an advance at June 30 and is recognized as revenue.

Taxes available for advance and recognized as revenue but not received by the district prior to June 30, 2000, are reflected as a reservation of fund balance for future appropriations. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

7. SCHOOL DISTRICT INCOME TAX

The school district income tax (SDIT) is an income tax separate from federal, state, and city income taxes which is earmarked specifically to support school districts. Residents pay the tax through employer withholding, individual quarterly estimates, and annual returns which are remitted to the Ohio Department of Taxation.

Payments are made to the District through the Ohio Department of Taxation. The available money is distributed to the District on a quarterly basis with a summary report for March, June, September, and December. These quarterly reports contain the total gross collections, less refunds and 1.75% for administrative fees, and also includes interest earned. The total available is usually sent to the District within a month of the end of the quarter.

The 1.5% SDIT was passed in November 1989, and collections began January 1, 1990. SDIT revenue received by the general fund during fiscal year 2000 was \$868,803.

8. RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, accounts, accrued interest, and intergovernmental grants (to the extent such grants relate to the current fiscal year). Intergovernmental grants receivable have been presented as "Due from other governments" on the combined balance sheet. Taxes and intergovernmental receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of state programs.

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$1,488,354
Accrued interest	1,021
Accounts	161
 <u>Special Revenue Fund</u>	
Accounts	508
 <u>Nonexpendable Trust Fund</u>	
Accrued Interest	975
 <u>Enterprise Funds</u>	
Due from other governments	3,951

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

9. FIXED ASSETS

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

	<u>Balance July 1, 1999</u>	<u>Addition</u>	<u>Disposals</u>	<u>Balance June 30, 2000</u>
Land	\$ 48,773	\$ ---	\$ ---	\$ 48,773
Buildings	4,941,692	55,735	---	4,997,427
Improvements Other than Buildings	90,490	84,790	5,700	---
Furniture/Equipment	1,585,863	1,530,428	55,435	---
Vehicles	<u>603,277</u>	<u>8,364</u>	<u>0</u>	<u>611,641</u>
Total	<u>\$7,208,960</u>	<u>\$125,234</u>	<u>\$ 0</u>	<u>\$7,334,194</u>

There was no significant construction in progress at June 30, 2000.

A summary of the proprietary fixed assets at June 30, 2000 follows:

Furniture and equipment	\$132,047
Less: accumulated depreciation	<u>(114,642)</u>
Net fixed assets	<u>\$ 17,405</u>

10. CAPITAL LEASES

The District has entered into capitalized lease agreements for printing and reproduction equipment and musical instruments. The total amount of the lease agreement is accounted for on a GAAP basis as a support services expenditure in the general fund with an offsetting amount reported as an other financing source.

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

Fixed assets acquired by lease have been capitalized in the general fixed assets account group equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in the 2000 fiscal year totaled \$12,689. This amount is reflected as debt service principal retirement in the general fund.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

10. CAPITAL LEASES (Continued)

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2000.

	Fiscal Year Ending June 30,	Amount
2001	\$16,340	
2002	16,339	
2003	6,988	
Total minimum lease payments		39,667
Less: amount representing interest		(4,794)
Present value of minimum lease payments		\$34,873

11. LONG-TERM OBLIGATIONS

A. During the year ended June 30, 2000, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences are presented net of actual increases and decreases due to the practicality of determining these values. Compensated absences and the pension obligation will be paid from the fund in which the employee was paid. Capital lease payments are reported in the general fund.

	Balance July 1, 1999	Increase	(Decrease)	Balance June 30, 2000
General obligation bonds	\$ 55,000	\$ ---	\$(55,000)	\$ 0
Energy Conservation Notes	31,000	---	(15,000)	16,000
Pension obligation payable	23,224	28,858	(23,224)	28,858
Compensated absences	92,888	38,267	---	131,155
Capital leases	36,316	11,246	(12,689)	34,873
Total	\$238,428	\$78,371	\$(105,913)	\$210,886

Energy conservation notes were issued over a period of ten years in accordance with Section 3313.372, Ohio Revised Code, and House Bill 264. Principal and interest payments related to these notes are recorded in the debt service fund.

The following is a summary of the District's future annual debt service requirements to maturity for the energy conservation notes:

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

11. LONG-TERM OBLIGATIONS (Continued)

<u>Fiscal Year Ending</u>	<u>Principal on Notes</u>	<u>Interest on Notes</u>	<u>Total</u>
2001	<u>\$16,000</u>	<u>\$590</u>	<u>\$16,590</u>

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2000 are a voted debt margin of \$4,122,606 and an unvoted debt margin of \$45,807.

12. RISK MANAGEMENT

A. Comprehensive

The District is subject to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

The District maintains comprehensive insurance with Nationwide Insurance for real property, building contents, vehicles, and general liability. The District contracts for general liability insurance with a \$2,000,000 single occurrence limit and a \$5,000,000 aggregate. Real property and contents are insured for \$18,907,300. Fleet insurance holds a \$2,000,000 liability limit.

Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

B. Employee Health Insurance

The District has joined together with Carey Exempted Village District, Colonel Crawford Local District, Galion City District, and Upper Sandusky Exempted Village District to form the Wyandot-Crawford Health Benefit Plan Trust Agreement, a public entity shared risk pool, operating as a common risk management and insurance program for the member Districts. The plan was organized to provide benefit coverage for employees and dependents and designated beneficiaries of such employees. The Huntington National Bank serves as trustee for the Wyandot-Crawford Health Benefit Plan Trust Agreement. The District pays an annual premium to the pool for its general insurance coverage. The risk of loss transfers entirely from the District to WCHBP. The Agreement for formation of the WCHBP provides that the WCHBP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$75,000 for each insured event.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

12. RISK MANAGEMENT (Continued)

C. Worker's Compensation

The District participates in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 2.A.). 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/her designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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

13. SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 2000.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

13. SEGMENT INFORMATION - ENTERPRISE FUNDS (Continued)

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating revenue	\$119,294	\$289	\$119,583
Operating expenses before depreciation	195,428	141	195,569
Depreciation 2,633	---	2,633	
Operating income (loss)	(78,767)	148	(78,619)
Operating grants	38,313	---	38,313
Operating transfers in	26,565	---	26,565
Net income (loss)	793	148	941
Net working capital	8,884	612	9,496
Total assets	51,682	612	52,294
Total liabilities	33,009	---	33,009
Total equity	18,673	612	19,285
Encumbrances at 6/30/00	673	---	673

14. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The 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 plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634, or by calling (614) 222-5853.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

14. DEFINED BENEFIT PENSION PLANS (Continued)

A. School Employees Retirement System (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent for 2000; 5.55 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$72,925, \$62,831, and \$66,367, respectively; 43 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$41,640, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teacher Retirement System

The 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 and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$273,697, \$249,148, and \$256,935, respectively; 83 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$46,496, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

C. Social Security System

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

15. POSTEMPLOYMENT BENEFITS

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

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 Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$156,398 during fiscal 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 billion at June 30, 1999 (the latest information available). For the year ended June 30, 1999 (the latest information available), net health care costs paid by STRS were \$249.929 million and STRS had 95,796 eligible benefit recipients.

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

For this fiscal year, employer contributions to fund health care benefits were 8.45 percent of covered payroll. 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 2000, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 (the latest information available), were \$126.4 million and the target level was \$189.6 million. At June 30, 1999 (the latest information available), SERS had net assets available for payment of health care benefits of \$188.0 million and SERS had approximately 51,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$55,738 during the 2000 fiscal year.

16. BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance is done on a GAAP basis, the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

16. BUDGETARY BASIS OF ACCOUNTING (Continued)

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the governmental funds are as follows:

**Excess of Revenues and Other Financing
Sources Over (Under) Expenditures and Other
Financing Uses**

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$ (9,983)	\$45,921	\$(55,595)	\$19,300
Net adjustment for revenue accruals	(41,277)	375	---	---
Net adjustment for expenditure accruals	14,551	(7,529)	---	---
Net adjustment for other financing sources (uses)	(15,319)	---	---	
Encumbrances (budget basis)	<u>121,089</u>	<u>23,632</u>	<u>---</u>	<u>3,800</u>
GAAP basis	<u>\$69,061</u>	<u>\$62,399</u>	<u>\$(55,595)</u>	<u>\$23,100</u>

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

17. CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2000.

B. Litigation

The District is not currently a party to any legal proceedings.

C. State School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$1,380,347 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the (Ohio) Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the District is unable to determine that effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

18. INTERNAL SERVICE FUND

The District is no longer self insured. Effective July 1, 1997, the District joined the Wyandot-Crawford Health Benefit Plan. Management is using the balance in the internal service fund to pay insurance premiums twice a year for employees.

19. STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 1999	\$ 0	\$ 0	\$55,206
Current year set-aside requirement	86,997	86,997	---
Current year offsets	---	---	---
Qualifying disbursements	<u>(111,490)</u>	<u>(90,028)</u>	<u>---</u>
Total	<u>\$ (24,493)</u>	<u>\$ (3,031)</u>	<u>\$55,206</u>
Balance carried forward to FY 2001	<u>\$ (24,493)</u>	<u>\$ 0</u>	<u>\$55,206</u>

A schedule of the restricted assets at June 30, 2000 follows:

Amount restricted for budget stabilization	<u>\$55,206</u>
Total restricted assets	<u>\$55,206</u>



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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 AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Buckeye Central Local School District
Crawford County
P.O. Box 368
New Washington, Ohio 44854

To the Board of Education:

We have audited the financial statements of Buckeye Central Local School District, Crawford County, Ohio (the District) as of and for the year end June 30, 2000, and have issued our report thereon dated November 20, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated November 20, 2000.

Internal Control Over Financial Reporting

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

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

This report is intended for the information and use of the finance committee, management, and the Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

November 20, 2000



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 CENTRAL LOCAL SCHOOL DISTRICT

CRAWFORD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 09, 2001**