



**Auditor of State
Betty Montgomery**

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Buckeye Joint Vocational School District
Tuscarawas County
545 University Drive
New Philadelphia, Ohio 44663

To the Board of Education:

We have audited the accompanying general purpose financial statements of Buckeye Joint Vocational School District, Tuscarawas County, Ohio, (the District) as of and for the year ended June 30, 2003. 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 Joint Vocational School District, Tuscarawas County, Ohio, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully discussed in Note 3 to the general purpose financial statements, the District changed its asset capitalization threshold from \$500 to \$1,500.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2004 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.

The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for additional analysis as required by the 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, it is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

January 20, 2004

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Buckeye Joint Vocational School*Combined Balance Sheet**All Fund Types and Account Groups**June 30, 2003*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<i>Assets and Other Debits</i>				
<i>Assets</i>				
Equity in Pooled Cash and Cash Equivalents	\$8,623,585	\$354,641	\$14,165	\$1,197,783
Cash and Cash Equivalents In Segregated Accounts	0	0	0	0
Receivables:				
Taxes	4,158,881	0	0	402,104
Accounts	159,428	9,180	0	25,000
Intergovernmental Receivable	2,500	230,877	0	0
Interfund Receivable	183,642	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	102,546	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	41,084	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0
<i>Other Debits</i>				
Amount Available in Debt Service Fund for Retirement of General Long-Term Obligations	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<i>Total Assets and Other Debits</i>	\$13,271,666	\$594,698	\$14,165	\$1,624,887

Proprietary Fund Type		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$42,474	\$0	\$31,213	\$0	\$0	\$10,263,861
0	56,698	0	0	0	56,698
0	0	0	0	0	4,560,985
146	0	0	0	0	193,754
0	0	0	0	0	233,377
0	0	0	0	0	183,642
12,278	0	0	0	0	12,278
582	0	0	0	0	103,128
0	0	0	0	0	41,084
30,264	0	0	16,748,086	0	16,778,350
0	0	0	0	14,165	14,165
0	0	0	0	414,580	414,580
<u>\$85,744</u>	<u>\$56,698</u>	<u>\$31,213</u>	<u>\$16,748,086</u>	<u>\$428,745</u>	<u>\$32,855,902</u>

(continued)

Buckeye Joint Vocational School
Combined Balance Sheet
All Fund Types and Account Groups (continued)
June 30, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<i>Liabilities, Fund Equity and Other Credits</i>				
<i>Liabilities</i>				
Accounts Payable	\$222,009	\$39,958	\$0	\$0
Contracts Payable	0	0	0	39,780
Accrued Wages	523,901	9,785	0	0
Compensated Absences Payable	57,257	9,543	0	0
Interfund Payable	0	183,642	0	0
Intergovernmental Payable	80,796	3,445	0	0
Deferred Revenue	3,891,604	198,437	0	375,670
Due to Students	0	0	0	0
<i>Total Liabilities</i>	<u>4,775,567</u>	<u>444,810</u>	<u>0</u>	<u>415,450</u>
<i>Fund Equity and Other Credits</i>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings (Deficit):				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	230,363	138,058	0	270,222
Reserved for Inventory	102,546	0	0	0
Reserved for Budget Stabilization	41,084	0	0	0
Reserved for Property Taxes	267,277	0	0	26,434
Unreserved, Undesignated	7,854,829	11,830	14,165	912,781
<i>Total Fund Equity and Other Credits</i>	<u>8,496,099</u>	<u>149,888</u>	<u>14,165</u>	<u>1,209,437</u>
<i>Total Liabilities, Fund Equity and Other Credits</i>	<u><u>\$13,271,666</u></u>	<u><u>\$594,698</u></u>	<u><u>\$14,165</u></u>	<u><u>\$1,624,887</u></u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$9,169	\$0	\$0	\$0	\$0	\$271,136
0		0	0	0	39,780
8,255	0	0	0	0	541,941
0	0	0	0	423,854	490,654
0	0	0	0	0	183,642
6,192	0	0	0	4,891	95,324
0	0	0	0	0	4,465,711
0	0	31,213	0	0	31,213
<u>23,616</u>	<u>0</u>	<u>31,213</u>	<u>0</u>	<u>428,745</u>	<u>6,119,401</u>
0	0	0	16,748,086	0	16,748,086
264,490	0	0	0	0	264,490
(202,362)	56,698	0	0	0	(145,664)
0	0	0	0	0	638,643
0	0	0	0	0	102,546
0	0	0	0	0	41,084
0	0	0	0	0	293,711
0	0	0	0	0	8,793,605
<u>62,128</u>	<u>56,698</u>	<u>0</u>	<u>16,748,086</u>	<u>0</u>	<u>26,736,501</u>
<u>\$85,744</u>	<u>\$56,698</u>	<u>\$31,213</u>	<u>\$16,748,086</u>	<u>\$428,745</u>	<u>\$32,855,902</u>

Buckeye Joint Vocational School District
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2003*

	General	Special Revenue
Revenues		
Taxes	\$3,883,079	\$0
Intergovernmental	5,451,063	1,229,671
Interest	123,760	32
Tuition and Fees	25,055	732,564
Contributions and Donations	0	94,181
Customer Service	344,787	0
Miscellaneous	11,020	15,425
	<u>9,838,764</u>	<u>2,071,873</u>
<i>Total Revenues</i>		
Expenditures		
Current:		
Instruction:		
Regular	1,027,792	91,755
Special	224,263	0
Vocational	4,831,298	159,130
Adult /Continuing	0	1,215,956
Support Services:		
Pupils	410,629	271,331
Instructional Services	458,227	170,183
Board of Education	102,793	0
Administration	499,499	17,264
Fiscal	284,418	0
Operation and Maintenance of Plant	1,234,167	8,800
Pupil Transportation	9,988	4,132
Central	0	96,188
Operation of Non-Instructional Services	0	5,632
Extracurricular Activities	0	4,888
Capital Outlay	0	0
Debt Service:		
Principal Retirement	4,144	0
Interest	21	0
	<u>9,087,239</u>	<u>2,045,259</u>
<i>Total Expenditures</i>		
<i>Excess of Revenues Over (Under) Expenditures</i>		
	<u>751,525</u>	<u>26,614</u>
Other Financing Sources (Uses)		
Sale of Fixed Assets	0	0
Operating Transfers In	4,769	34,272
Operating Transfers Out	(184,272)	0
	<u>(179,503)</u>	<u>34,272</u>
<i>Total Other Financing Sources (Uses)</i>		
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>		
	572,022	60,886
<i>Fund Balances Beginning of Year</i>		
	7,936,177	89,002
<i>Decrease in Reserve for Inventory</i>		
	(12,100)	0
	<u>\$8,496,099</u>	<u>\$149,888</u>
<i>Fund Balances End of Year</i>		

See accompanying notes to the general purpose financial statements

Debt Service	Capital Projects	Totals (Memorandum Only)
\$0	\$384,031	\$4,267,110
0	41,420	6,722,154
0	19,216	143,008
0	0	757,619
0	0	94,181
0	0	344,787
0	560	27,005
<u>0</u>	<u>445,227</u>	<u>12,355,864</u>
0	0	1,119,547
0	0	224,263
0	0	4,990,428
0	0	1,215,956
0	0	681,960
0	0	628,410
0	0	102,793
0	0	516,763
0	0	284,418
0	0	1,242,967
0	0	14,120
0	0	96,188
0	0	5,632
0	0	4,888
0	340,571	340,571
0	0	4,144
<u>4,167</u>	<u>0</u>	<u>4,188</u>
<u>4,167</u>	<u>340,571</u>	<u>11,477,236</u>
<u>(4,167)</u>	<u>104,656</u>	<u>878,628</u>
0	38,347	38,347
0	0	39,041
<u>(4,769)</u>	<u>0</u>	<u>(189,041)</u>
<u>(4,769)</u>	<u>38,347</u>	<u>(111,653)</u>
(8,936)	143,003	766,975
23,101	1,066,434	9,114,714
<u>0</u>	<u>0</u>	<u>(12,100)</u>
<u>\$14,165</u>	<u>\$1,209,437</u>	<u>\$9,869,589</u>

Buckeye Joint Vocational School District
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual*
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2003

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes	\$3,864,500	\$3,865,020	\$520
Intergovernmental	5,593,359	5,593,758	399
Interest	138,000	138,705	705
Tuition and Fees	22,500	24,000	1,500
Contributions and Donations	0	0	0
Customer Service	352,650	357,817	5,167
Miscellaneous	10,299	11,020	721
<i>Total Revenues</i>	<u>9,981,308</u>	<u>9,990,320</u>	<u>9,012</u>
Expenditures			
Current:			
Instruction:			
Regular	1,054,845	1,004,827	50,018
Special	282,428	266,760	15,668
Vocational	5,462,355	4,955,545	506,810
Adult/Continuing	0	0	0
Support Services:			
Pupils	442,265	416,658	25,607
Instructional Staff	501,321	470,889	30,432
Board of Education	133,509	128,338	5,171
Administration	527,483	517,792	9,691
Fiscal	295,358	289,082	6,276
Operation and Maintenance of Plant	1,323,486	1,320,395	3,091
Pupil Transportation	10,966	10,310	656
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>10,034,016</u>	<u>9,380,596</u>	<u>653,420</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(52,708)</u>	<u>609,724</u>	<u>662,432</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	0	0	0
Advances In	87,305	87,550	245
Advances Out	(184,000)	(183,248)	752
Operating Transfers In	4,700	4,769	69
Operating Transfers Out	(185,000)	(184,272)	728
<i>Total Other Financing Sources (Uses)</i>	<u>(276,995)</u>	<u>(275,201)</u>	<u>1,794</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(329,703)</u>	<u>334,523</u>	<u>664,226</u>
<i>Fund Balances Beginning of Year</i>	7,830,832	7,830,832	0
Prior Year Encumbrances Appropriated	241,531	241,531	0
<i>Fund Balances End of Year</i>	<u>\$7,742,660</u>	<u>\$8,406,886</u>	<u>\$664,226</u>

Special Revenue Funds			Debt Service Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0
1,223,257	1,223,290	33	0	0	0
32	32	0	0	0	0
707,075	725,445	18,370	0	0	0
94,181	94,181	0	0	0	0
0	0	0	0	0	0
14,768	15,319	551	0	0	0
<u>2,039,313</u>	<u>2,058,267</u>	<u>18,954</u>	<u>0</u>	<u>0</u>	<u>0</u>
98,206	94,272	3,934	0	0	0
0	0	0	0	0	0
161,576	165,545	(3,969)	0	0	0
1,402,549	1,340,341	62,208	0	0	0
281,589	266,393	15,196	0	0	0
212,538	186,701	25,837	0	0	0
0	0	0	0	0	0
17,058	17,016	42	0	0	0
155	0	155	0	0	0
10,500	8,995	1,505	0	0	0
4,000	3,886	114	0	0	0
99,197	98,335	862	0	0	0
6,533	6,323	210	0	0	0
5,100	4,888	212	0	0	0
0	0	0	0	0	0
0	0	0	4,144	4,144	0
0	0	0	4,188	4,188	0
<u>2,299,001</u>	<u>2,192,695</u>	<u>106,306</u>	<u>8,332</u>	<u>8,332</u>	<u>0</u>
<u>(259,688)</u>	<u>(134,428)</u>	<u>125,260</u>	<u>(8,332)</u>	<u>(8,332)</u>	<u>0</u>
0	0	0	0	0	0
183,176	183,248	72	0	0	0
(87,550)	(87,550)	0	0	0	0
34,272	34,272	0	0	0	0
0	0	0	(4,769)	(4,769)	0
<u>129,898</u>	<u>129,970</u>	<u>72</u>	<u>(4,769)</u>	<u>(4,769)</u>	<u>0</u>
(129,790)	(4,458)	125,332	(13,101)	(13,101)	0
144,423	144,423	0	23,101	23,101	0
44,551	44,551	0	0	0	0
<u>\$59,184</u>	<u>\$184,516</u>	<u>\$125,332</u>	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$0</u>

(continued)

Buckeye Joint Vocational School District
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual
All Governmental Fund Types (continued)
For the Fiscal Year Ended June 30, 2003*

	Capital Projects Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$382,058	\$382,245	\$187
Intergovernmental	50,666	50,684	18
Interest	17,560	17,560	0
Tuition and Fees	0	0	0
Contributions and Donations	0	0	0
Customer Service	0	0	0
Miscellaneous	560	560	0
<i>Total Revenues</i>	<u>450,844</u>	<u>451,049</u>	<u>205</u>
Expenditures			
Current:			
Instruction:			
Regular	14,395	14,395	0
Special	0	0	0
Vocational	0	0	0
Adult/Continuing	0	0	0
Support Services:			
Pupils	3,250	3,250	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	10,000	8,776	1,224
Operation and Maintenance of Plant	15,150	8,175	6,975
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	774,939	766,847	8,092
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>817,734</u>	<u>801,443</u>	<u>16,291</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(366,890)</u>	<u>(350,394)</u>	<u>16,496</u>
Other Financing Sources			
Sale of Fixed Assets	38,347	38,347	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>38,347</u>	<u>38,347</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(328,543)</u>	<u>(312,047)</u>	<u>16,496</u>
<i>Fund Balances Beginning of Year</i>	817,833	817,833	0
<i>Prior Year Encumbrances Appropriated</i>	<u>380,339</u>	<u>380,339</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$869,629</u>	<u>\$886,125</u>	<u>\$16,496</u>

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)
\$4,246,558	\$4,247,265	\$707
6,867,282	6,867,732	450
155,592	156,297	705
729,575	749,445	19,870
94,181	94,181	0
352,650	357,817	5,167
25,627	26,899	1,272
<u>12,471,465</u>	<u>12,499,636</u>	<u>28,171</u>
1,167,446	1,113,494	53,952
282,428	266,760	15,668
5,623,931	5,121,090	502,841
1,402,549	1,340,341	62,208
727,104	686,301	40,803
713,859	657,590	56,269
133,509	128,338	5,171
544,541	534,808	9,733
305,513	297,858	7,655
1,349,136	1,337,565	11,571
14,966	14,196	770
99,197	98,335	862
6,533	6,323	210
5,100	4,888	212
774,939	766,847	8,092
4,144	4,144	0
4,188	4,188	0
<u>13,159,083</u>	<u>12,383,066</u>	<u>776,017</u>
<u>(687,618)</u>	<u>116,570</u>	<u>804,188</u>
38,347	38,347	0
270,481	270,798	317
(271,550)	(270,798)	752
38,972	39,041	69
(189,769)	(189,041)	728
<u>(113,519)</u>	<u>(111,653)</u>	<u>1,866</u>
(801,137)	4,917	806,054
8,816,189	8,816,189	0
666,421	666,421	0
<u>\$8,681,473</u>	<u>\$9,487,527</u>	<u>\$806,054</u>

Buckeye Joint Vocational School
*Combined Statement of Revenues,
Expenses and Changes in Fund Equity
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2003*

	Enterprise	Internal Service	Totals (Memorandum Only)
Operating Revenues			
Charges for Services	\$0	\$452,968	\$452,968
Sales	242,196	0	242,196
<i>Total Operating Revenues</i>	<u>242,196</u>	<u>452,968</u>	<u>695,164</u>
Operating Expenses			
Salaries and Wages	118,452	0	118,452
Fringe Benefits	67,684	0	67,684
Purchased Services	0	41,557	41,557
Cost of Sales	169,014	0	169,014
Claims	0	428,094	428,094
Depreciation	3,512	0	3,512
<i>Total Operating Expenses</i>	<u>358,662</u>	<u>469,651</u>	<u>828,313</u>
<i>Operating Loss</i>	<u>(116,466)</u>	<u>(16,683)</u>	<u>(133,149)</u>
Non-Operating Revenues			
Federal Donated Commodities	21,794	0	21,794
Operating Grants	57,319	0	57,319
Interest	0	780	780
<i>Total Non-Operating Revenues</i>	<u>79,113</u>	<u>780</u>	<u>79,893</u>
<i>Loss Before Operating Transfers</i>	<u>(37,353)</u>	<u>(15,903)</u>	<u>(53,256)</u>
Operating Transfers In	<u>50,000</u>	<u>100,000</u>	<u>150,000</u>
<i>Net Income</i>	12,647	84,097	96,744
<i>Retained Earnings (Deficit) Beginning of Year (Restated - See Note 3)</i>	<u>(215,009)</u>	<u>(27,399)</u>	<u>(242,408)</u>
<i>Retained Earnings (Deficit) End of Year</i>	(202,362)	56,698	(145,664)
<i>Contributed Capital Beginning and End of Year</i>	<u>264,490</u>	<u>0</u>	<u>264,490</u>
<i>Total Fund Equity End of Year</i>	<u><u>\$62,128</u></u>	<u><u>\$56,698</u></u>	<u><u>\$118,826</u></u>

See accompanying notes to the general purpose financial statements

Buckeye Joint Vocational School District
*Combined Statement of Revenues, Expenses
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2003*

	Enterprise Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for Services	\$0	\$0	\$0
Sales	241,628	243,349	1,721
Interest	0	0	0
Operating Grants	48,800	57,319	8,519
<i>Total Revenues</i>	<u>290,428</u>	<u>300,668</u>	<u>10,240</u>
Expenses			
Salaries and Wages	125,846	118,126	7,720
Fringe Benefits	63,762	62,785	977
Purchased Services	0	0	0
Materials and Supplies	160,500	152,985	7,515
<i>Total Expenses</i>	<u>350,108</u>	<u>333,896</u>	<u>16,212</u>
<i>Excess of Revenues Under Expenses</i>	(59,680)	(33,228)	26,452
Operating Transfers In	<u>50,000</u>	<u>50,000</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenses and Operating Transfers</i>	(9,680)	16,772	26,452
<i>Fund Equity Beginning of Year</i>	23,837	23,837	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$14,157</u>	<u>\$40,609</u>	<u>\$26,452</u>

(continued)

Buckeye Joint Vocational School
*Combined Statement of Revenues, Expenses
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
All Proprietary Fund Types (continued)
For the Fiscal Year Ended June 30, 2003*

	Internal Service		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues:			
Charges for Services	\$522,663	\$522,674	\$11
Sales	0	0	0
Interest	727	727	0
Operating Grants	0	0	0
<i>Total Revenues</i>	<u>523,390</u>	<u>523,401</u>	<u>11</u>
Expenses:			
Salaries and Wages	0	0	0
Fringe Benefits	41,557	41,557	0
Purchased Services	620,443	611,700	8,743
Materials and Supplies	0	0	0
<i>Total Expenses</i>	<u>662,000</u>	<u>653,257</u>	<u>8,743</u>
<i>Excess of Revenues Under Expenses</i>	(138,610)	(129,856)	8,754
Operating Transfers In	<u>99,986</u>	<u>100,000</u>	<u>14</u>
<i>Excess of Revenues Over (Under) Expenses and Operating Transfers</i>	(38,624)	(29,856)	8,768
<i>Fund Equity Beginning of Year</i>	86,501	86,501	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$47,877</u></u>	<u><u>\$56,645</u></u>	<u><u>\$8,768</u></u>

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$522,663	\$522,674	\$11
241,628	243,349	1,721
727	727	0
48,800	57,319	8,519
<u>813,818</u>	<u>824,069</u>	<u>10,251</u>
125,846	118,126	7,720
105,319	104,342	977
620,443	611,700	8,743
160,500	152,985	7,515
<u>1,012,108</u>	<u>987,153</u>	<u>24,955</u>
(198,290)	(163,084)	35,206
<u>149,986</u>	<u>150,000</u>	<u>14</u>
(48,304)	(13,084)	35,220
110,338	110,338	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>\$62,034</u>	<u>\$97,254</u>	<u>\$35,220</u>

Buckeye Joint Vocational School District
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2003

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Customers	\$243,349	\$0	\$243,349
Cash Received from Quasi-External Transactions		522,674	522,674
Cash Payments for Goods and Services	(151,120)	(41,557)	(192,677)
Cash Payments to Employees for Services and Benefits	(180,911)	0	(180,911)
Cash Payments for Claims	0	(611,700)	(611,700)
<i>Net Cash Used for Operating Activities</i>	(88,682)	(130,583)	(219,265)
Cash Flows from Noncapital Financing Activities			
Transfers In	50,000	100,000	150,000
Grants Received	57,319	0	57,319
<i>Net Cash Provided by Noncapital Financing Activities</i>	107,319	100,000	207,319
Cash Flows from Investing Activities			
Interest on Investments	0	780	780
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	18,637	(29,803)	(11,166)
<i>Cash and Cash Equivalents Beginning of Year</i>	23,837	86,501	110,338
<i>Cash and Cash Equivalents End of Year</i>	\$42,474	\$56,698	\$99,172

(continued)

Buckeye Joint Vocational School District

Combined Statement of Cash Flows

All Proprietary Fund Types (continued)

For the Fiscal Year Ended June 30, 2003

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
Reconciliation of Operating Loss to Net Cash Used for Operating Activities			
Operating Loss	(\$116,466)	(\$16,683)	(\$133,149)
Adjustments			
Depreciation	3,512	0	3,512
Donated Commodities Used During Year	21,794	0	21,794
<i>(Increase) Decrease in Assets</i>			
Accounts Receivable	1,153	69,706	70,859
Intergovernmental Receivable	338	0	338
Materials and Supplies Inventory	(20)	0	(20)
Inventory Held for Resale	(4,207)	0	(4,207)
<i>Increase (Decrease) in Liabilities</i>			
Accounts Payable	4,060	0	4,060
Accrued Wages and Benefits	326	0	326
Compensated Absences Payable	0	0	0
Intergovernmental Payable	828	0	828
Claims Payable	0	(183,606)	(183,606)
<i>Total Adjustments</i>	27,784	(113,900)	(86,116)
<i>Net Cash Used for Operating Activities</i>	(\$88,682)	(\$130,583)	(\$219,265)

See accompanying notes to the general purpose financial statements

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BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The first official body designated as the Buckeye Joint Vocational Board of Education was formed on June 30, 1970. Buckeye Joint Vocational School District (School District) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The School District includes eleven member schools spread throughout Carroll, Coshocton, Guernsey, Harrison, Holmes, Stark, Tuscarawas and Wayne counties.

The School District is a jointly governed organization operating under an eleven member board representing the member school districts. The School District provides educational services as authorized and mandated by State or federal agencies.

Reporting Entity

A reporting entity is comprised of the stand-alone government, component units and other organizations that are included to insure that the financial statements of the School District are not misleading. The stand-alone government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Buckeye Joint Vocational School District, this includes general operations, food service, preschool 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 organizations; or (2) the School District is legally entitled to or can otherwise access the organization's 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 for the organization. The School District has no component units.

The School District is associated with the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 17.

The School District is associated with the Ohio School Boards Association Workers' Compensation Group Rating Plan and the East Ohio Schools Employees Insurance Consortium which are defined as insurance purchasing pools. Additional information concerning the insurance purchasing pools is presented in Note 18.

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements of the 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 the proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

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 that are not recorded in the funds because they do not directly affect net expendable available financial 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 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) 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 for major capital projects) that are legally restricted to expenditure for specified purposes.

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

Capital Projects Fund - The capital projects fund is 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 Fund Types

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 are the School District's proprietary fund types:

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

Internal Service Fund - This fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

Fiduciary Fund Types

The fiduciary fund is 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 only fiduciary fund is the agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

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

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

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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 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 combined balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

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

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

Revenue Recognition resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that 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 the year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7) 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 year when the resources are required to be used or the fiscal year when the 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 a 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 to be both measurable and available at the fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/expenditures on the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

C. Budgetary Data

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 Appropriations Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations 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 legal level of budgetary control is the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget

Tuscarawas County has waived the requirement of the formal tax budget. The county budget commission requires tax levy fund information and summary data for all funds to be submitted to the County Auditor, as Secretary of the County Budget Commission, by April 1st of each year, for the period July 1 to June 30 of the following year.

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 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.

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding fiscal year. The Certificate 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 statement reflect the amounts in the final Amended Certificate in effect at the time the final appropriations were passed.

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 appropriations resolution must be legally enacted by the Board of Education at the fund level, which is the legal level 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 Appropriations 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 the fund level of control. Any revisions that alter the total of any fund appropriation, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the fiscal year, supplemental appropriations were legally enacted; however, none of the amendments were significant.

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

Encumbrances

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

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.

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

D. Cash and Cash Equivalents

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

During fiscal year 2003, investments were limited to certificates of deposit, Huntington Bond Account, Bank One Public Funds Money Market Account, STAROhio and Huntington Money Market Account. Except for nonparticipating contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2003.

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 2003 amounted to \$123,760 which includes \$4,091 assigned from other School District funds.

The School District has a segregated bank account for monies held separate from the School District's central bank accounts. This interest bearing depository account is presented in the combined balance sheet as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the School District treasury.

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 a 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 are reported as investments.

E. Inventory

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

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

F. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District for the creation of a reserve for budget stabilization. See Note 20 for additional information regarding set-asides.

G. 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 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 retirements during the fiscal year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand five hundred dollars. The School District does not possess any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized. Improvements are capitalized and depreciated over the useful lives of the fund fixed assets.

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

H. Interfund Assets and Liabilities

Short-term interfund loans are classified as "Interfund Receivables/Payables." Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due from Other Funds" or "Due to Other Funds" on the combined balance sheet.

I. 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 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 eligible to receive termination benefits and those the School District had identified as probable (after twenty-five years of retirement system service) 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.

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

For governmental funds, 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 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.

J. Contributed Capital

Contributed capital represents resources provided by other funds, other governments and private sources to the enterprise funds, prior to 2001, that are not subject to repayment. These assets are recorded at their fair market value on the date contributed.

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, claims and judgments, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. In general, amounts paid more than sixty days after fiscal year end are considered not to have been paid with current available financial resources. Capital leases are reported as a liability of 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 proprietary funds.

Under Ohio law, a debt retirement fund may be created and used for the payment of bond anticipation notes. Generally accepted accounting principles (GAAP) requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the activity of the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

L. 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.

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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 for 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 encumbrances, inventory, budget stabilization, and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

N. Estimates

The preparation of the 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.

O. 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.

NOTE 3 – ACCOUNTING CHANGE AND RESTATEMENT OF FUND EQUITY

Effective July 1, 2002, the School District changed its capitalization threshold policy from \$500 to \$1,500 in preparation of implementing in fiscal year 2004 GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

Additionally, enterprise fund fixed assets were understated by \$8,770 at June 30, 2002.

Accordingly, the July 1, 2002 balances were restated as follows:

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	Enterprise Funds	General Fixed Assets Account Group
June 30, 2002 Deficit Retained Earnings/Fixed Assets as previously reported	(\$223,779)	\$18,060,718
Understatement of Retained Earnings	8,770	0
Change in accounting capitalization policy	0	(1,633,121)
July 1, 2002 Deficit Retained Earnings/Fixed Assets, restated	<u>(\$215,009)</u>	<u>\$16,427,597</u>

NOTE 4 -ACCOUNTABILITY AND COMPLIANCE

A. Accountability

The following funds had a deficit fund balance/retained earnings as of June 30, 2003:

	<u>Deficit Fund Balance/ Retained Earnings</u>
Special Revenue Funds:	
Adult Vocational - FY2003	\$2,700
Technical Preparation	6,772
State Grants (Safe Kids Helpline)	3,429
Eisenhower Grant	2,732
Vocational Education - Special	65,727
Higher Skills Partnership	3,330
	<u> </u>
Total Special Revenue Funds	<u>\$84,690</u>
Enterprise Fund:	
Food Service	228,656

The deficits in the special revenue funds resulted from the application of generally accepted accounting principles. The general fund is liable for any deficit in these funds and provides transfers when cash is needed not when accruals occur.

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The deficit in the food service enterprise fund is caused by revenue being insufficient to cover expenses on the full accrual basis of accounting. Management is currently analyzing the operations of the enterprise fund to determine appropriate action to alleviate the deficit.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balances on the 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. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual, All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and GAAP basis are:

1. Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budgetary basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budgetary basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund types (GAAP basis).
4. Unrecorded cash represents amounts received but not included as revenue on the budgetary basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.
5. Principal and interest payment on notes and the corresponding revenues are reported in a debt service fund (budgetary basis) rather than in the fund that received the proceeds (GAAP basis).

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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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$572,022	\$60,886	(\$8,936)	\$143,003
Revenue Accruals	151,557	(13,606)	0	5,822
Advances In	87,550	183,248	0	0
Expenditure Accruals	(36,754)	22,689	0	(150,870)
Advances Out	(183,248)	(87,550)	0	0
Reclassification of Debt				
Principal Retirement	4,144	0	(4,144)	0
Interest and Fiscal Charges	21	0	(21)	0
Encumbrances	<u>(260,769)</u>	<u>(170,125)</u>	<u>0</u>	<u>(310,002)</u>
Budget Basis	<u>\$334,523</u>	<u>(\$4,458)</u>	<u>(\$13,101)</u>	<u>(\$312,047)</u>

Net Income/Excess of Revenues
Over (Under) Expenses and Operating Transfers
All Proprietary Fund Types

	<u>Enterprise</u>	<u>Internal Service</u>
GAAP Basis	\$12,647	\$84,097
Revenue Accruals	(20,641)	69,654
Expenditure Accruals	23,119	(183,607)
Depreciation Expense	3,512	0
Encumbrances	<u>(1,865)</u>	<u>0</u>
Budget Basis	<u>\$16,772</u>	<u>(\$29,856)</u>

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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.

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposits 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 deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

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5. No-load money mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
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 interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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.

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."

Deposits

At fiscal year-end, the carrying amount of the School District's deposits was \$282,988 and the bank balances were \$402,768. Of the bank balance:

1. \$219,992 was covered by federal depository insurance.
2. \$182,776 was collateralized with securities held by the financial institution's trust department or agent in the School District's name.

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Investments

The School District's investments are required to be categorized to give an indication of the level of custodial credit risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or 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. Bank One Public Funds Money Market Account, STAROhio, and Huntington Bond Account are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Huntington Money Market Account	\$1,342,940	\$1,342,940	\$1,342,940
Bank One Public Funds Money Market		4,003,952	4,003,952
STAROhio		1,701,578	1,701,578
Huntington Bond Account		3,030,185	3,030,185
		\$10,078,655	\$10,078,655

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
<i>GASB Statement No. 9</i>	\$10,361,643	\$0
Investments which are part of a cash management pool:		
Bank One High Balance Savings Account	(4,003,952)	4,003,952
Huntington Money Market Account	(1,342,940)	1,342,940
STAROhio	(1,701,578)	1,701,578
Huntington Bond Account	(3,030,185)	3,030,185
	\$282,988	\$10,078,655
<i>GASB Statement No. 3</i>		

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NOTE 7 – PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the school district fiscal year runs from July through June. First half tax collections are received by the school district in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory.

Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Tuscarawas, Guernsey, Carroll, Harrison, Stark, Holmes, Wayne and Coshocton 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 County by June 30, 2003, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2003 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

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The amount available as an advance at June 30, 2003 was \$267,277 in the general fund and \$26,434 in the building capital projects fund. On a modified accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue.

The assessed values upon which the fiscal year 2003 taxes are collected are:

	2002 Second Half Collections		2003 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,720,761,870	80.52%	\$1,757,046,660	81.34%
Public Utility Personal	117,300,305	5.49%	109,892,125	5.09%
Tangible Personal Property	298,905,958	13.99%	293,218,259	13.57%
Total Assessed Value	<u>\$2,136,968,133</u>	<u>100.00%</u>	<u>\$2,160,157,044</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$2.80		\$2.80	

NOTE 8 - RECEIVABLES

Receivables at June 30, 2003 consisted of taxes, accounts (tuition and customer service), and intergovernmental grants. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

General Fund	<u>\$2,500</u>
Special Revenue Funds:	
Adult Education	3,024
Adult Vocational	2,700
Technical Preparation	6,772
State Grants	3,750
Eisenhower Grant	4,042
Vocational Education - Special	51,568
Jobs and Family Services Grant	128,245
Title VI	3,788
Safe and Drug Free Schools	1,988
Higher Skills Partnership	25,000
<i>Total Special Revenue Funds</i>	<u>230,877</u>
Total	<u>\$233,377</u>

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NOTE 9 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2003 follows:

Equipment	\$122,871
Accumulated Depreciation	(92,607)
Net Fixed Asset	\$30,264

A summary of the changes in general fixed assets during fiscal year 2003 follows:

	Balance 6/30/2002	Additions	Deletions	Balance 6/30/2003
Land and Improvements	\$1,363,349	\$0	\$25,000	\$1,338,349
Buildings	10,775,085	318,127	0	11,093,212
Furniture and Equipment	3,714,402	495,978	292,511	3,917,869
Vehicles	399,583	0	40,707	358,876
Construction in Progress	175,178	39,780	175,178	39,780
Totals	\$16,427,597	\$853,885	\$533,396	\$16,748,086

NOTE 10 - 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 2003, the School District contracted with Indiana Insurance Company for property and general liability insurance. Indiana Insurance Company also covers commercial property, crime, inland marine, and boiler and machinery with a blanket \$29,021,103 insured value and a \$1,000 deductible.

Professional liability is provided by the Ohio School Plan with \$2,000,000 single occurrence and a \$5,000,000 aggregate limit and no deductible. Vehicles are covered by Indiana Insurance Company with comprehensive coverage and a \$250 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in insurance coverage from the prior fiscal year.

For fiscal year 2003, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). 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 participating school districts is calculated as one experience and a common premium rate is applied to all school districts in

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the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the group rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

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

The School District provides life insurance and accidental death and dismemberment insurance to most employees through OME-RESA Health Benefits Plan in the amount of \$45,000.

The health insurance claims liability was zero at June 30, 2003. For fiscal year 2002, the School District ceased to be self-insured; however, the School District was still liable for run-off claims in fiscal year 2003. Changes in the fund's claims liability for fiscal year 2002 and 2003 were as follows:

	Balance 6/30/2002	Current Year Claims	Claim Payments	Balance 6/30/2003
2002	\$61,252	\$1,178,464	\$1,056,110	\$183,606
2003	183,606	428,094	611,700	0

NOTE 11 – PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual

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covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002 and 2001 were \$88,119, \$61,428 and \$95,057 respectively; 98.48 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor.

The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2003, 2002, and 2001 were \$550,243, \$461,846, and \$374,588 respectively; 87.58 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. Contributions to the DC and Combined Plans for fiscal year 2003 were \$4,793 made by the School District and \$4,245 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose social security or SERS/STRS. As of June 30, 2003, six of the Board of Education members have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 - 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 obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2003, the STRS Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$42,326 for fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.011 billion at June 30, 2002 (the latest information available). For the year ended June 30, 2002, (the latest information available) net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83 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 members' pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay was established at \$14,500. For the School District, the amount contributed to fund health care benefits, including surcharge, during the 2003 fiscal year, equaled \$ 73,475.

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 the annual health care expenses. Expenses for health care for the fiscal year ended, June 30, 2002 (the latest information available), were \$182,946,777 and the target level was \$211 million. At June 30, 2002 (the latest information available), SERS had net assets available for payment of health care benefits of \$274.4 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty days of vacation per year, depending upon length of service. Vacation days are credited to classified employees on September 1 of each year. Vacation cannot be carried forward. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 206 days. Upon retirement, payment is made for 28 percent of the total sick leave accumulation, up to a maximum accumulation of 56 days severance pay at the daily rate of the employee.

B. Health Care Benefits

The School District has elected to provide employee medical/surgical benefits through an insurance purchasing consortium, East Ohio Schools Employees Insurance Consortium. The School District maintained a self-insurance internal service fund, through September 30, 2002 to account for and finance its uninsured risks of loss. On October 1, 2002 the School District established an insurance consortium, with Dover City Schools and Garaway Local Schools. The consortium holds the money for the member

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districts, but each district maintains their own insurance plan. This plan provides a medical/surgical plan with a \$200 family and \$100 single deductible. A third party administrator, Klais & Company, located in Akron, Ohio, reviews all claims which are then paid by the School District. The School District purchases stop-loss coverage of \$100,000 per employee. The School District pays to the East Ohio Schools Employees Insurance Consortium \$879 family coverage and \$352 individual coverage per month which represents the entire premium required. The premium is paid by the fund that pays the salary for the employee and is based on historical cost information. Dental coverage is also provided by the consortium. Premiums for this coverage are \$67.38 monthly for family coverage and \$26.95 monthly for single coverage. The School District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document. Vision insurance is also provided at a premium of \$13.50 monthly for family coverage and \$5.40 for single coverage.

The School District also provides prescription drug insurance to its employees through the consortium. This plan utilizes an \$8 per prescription deductible for brand name drugs and no deductible for generic drugs. The third party administrator, IPS, Inc. of North Royalton reviews the claims, which are then paid by the School District. The premium for this coverage is \$187.30 monthly for family coverage and \$74.92 monthly for single coverage.

NOTE 14 - LONG-TERM OBLIGATIONS

Changes in long-term obligations of the School District during fiscal year 2003, were as follows:

	Outstanding 6/30/02	Additions	Deletions	Outstanding 6/30/03
Compensated Absences	\$338,601	\$107,412	\$22,159	\$423,854
Intergovernmental Payable	1,587	4,891	1,587	4,891
Capital Leases	4,144	0	4,144	0
Total General Long-Term Obligations	<u>\$344,332</u>	<u>\$112,303</u>	<u>\$27,890</u>	<u>\$428,745</u>

Compensated absences will be paid from the fund from which the person is paid. The intergovernmental payable represents contractually required pension contributions made outside the available period and will be paid from the fund from which the employee is paid. The capital lease obligation was paid from the general fund.

The School District's overall legal debt margin was \$194,414,134 with an unvoted debt margin of \$2,160,157 at June 30, 2003.

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 15 - INTERFUND RECEIVABLES/PAYABLES

Interfund balances at June 30, 2003, consisted of the following individual fund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General Fund	<u>\$183,642</u>	<u>\$0</u>
Special Revenue Funds		
RHEA Able Donation	0	75000
Adult Vocational	0	2700
Technical Preparation	0	6,772
State Grants	0	3,750
Eisenhower Grant	0	4,436
Vocational Education - Special	0	51,568
Job and Family Services Grant	0	10,628
Title VI	0	3,788
Higher Skills Partnership	0	25,000
<i>Total Special Revenue</i>	<u>0</u>	<u>183,642</u>
Totals	<u>\$183,642</u>	<u>\$183,642</u>

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operation of food service and uniform school supplies. The following table reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2003.

	<u>Lunchroom</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$202,793	\$39,403	\$242,196
Operating Expenses before Depreciation	332,535	22,615	355,150
Depreciation	3,512	0	3,512
Operating Income (Loss)	(133,253)	16,787	(116,466)
Donated Commodities	21,794	0	21,794
Grants	57,319	0	57,319
Transfers	50,000	0	50,000
Net Income (Loss)	(4,140)	16,787	12,647
Net Working Capital	5,570	26,294	31,864
Total Assets	59,450	26,294	85,744
Total Liabilities	23,616	0	23,616
Total Equity	35,834	26,294	62,128
Encumbrances at June 30, 2003	1,865	0	1,865

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 17 - JOINTLY GOVERNED ORGANIZATION

OHIO MID-EASTERN REGIONAL EDUCATIONAL SERVICE AGENCY (OME-RESA)

The Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) was created as a regional council of governments pursuant to State statutes. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. OME-RESA provides financial accounting services, educational management information, and cooperative purchasing to member districts. The Jefferson County Educational Service Center serves as fiscal agent and receives funding from the State Department of Education. Buckeye Joint Vocational School District paid \$19,001 to OME-RESA during fiscal year 2003 for services. To obtain financial information write to the Ohio Mid-Eastern Educational Service Agency, Steubenville, Ohio 43952.

NOTE 18 - INSURANCE PURCHASING POOL

A. **OHIO SCHOOL BOARDS ASSOCIATION WORKERS' COMPENSATION GROUP RATING PLAN (PLAN)**

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), 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 program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

B. **EAST OHIO SCHOOLS EMPLOYEES INSURANCE CONSORTIUM (EOSEIC)**

The School District participates in the East Ohio Schools Employees Insurance Consortium (EOSEIC), an insurance purchasing pool. The consortium was established in fiscal year 2003 to obtain and maintain a joint insurance purchasing program to maximum benefits and/or reduce the costs of health, dental, life and/or other group insurance coverages for employees and their eligible dependents and designated beneficiaries. The consortium members are Dover City School District, Buckeye Joint Vocational School District and Garaway Local School District. The Board of Directors is the governing body. The Board of Education of each member appoints its superintendent or superintendent's designee to be its representative on the Board of Directors. The EOSEIC's business and affairs are conducted by the third party administrator, Klais and Company, Inc. Each year the participating school districts pay an enrollment fee to the third party administrator to cover the costs of administering the program. For fiscal year 2003, the School District paid a \$3,000 enrollment fee to the third party administrator.

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 19 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2003.

B. Litigation

The School District is not party to legal proceedings.

NOTE 20 - SET ASIDES CALCULATIONS AND FUND RESERVES

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 fiscal year-end or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budgetary stabilization.

The following cash basis information describes the change in the fiscal year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set -aside reserve balance June 30, 2002	(\$1,217,186)	\$0	\$41,084
Current Year Set-aside Requirement	120,595	120,595	0
Qualifying disbursements	<u>(921,362)</u>	<u>(245,444)</u>	<u>0</u>
Totals	<u>(2,017,953)</u>	<u>(124,849)</u>	<u>41,084</u>
Balance Carried Forward to Future Fiscal Years	<u>(\$2,017,953)</u>	<u>\$0</u>	<u>\$41,084</u>
Set-aside reserve balance as of June 30, 2003	<u>\$0</u>	<u>\$0</u>	<u>\$41,084</u>

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amounts to below zero. The textbooks excess amounts may be used to reduce the set-aside requirements of future years. The capital acquisition excess amounts may not be used to reduce the set-aside requirements of future years. These negative amounts are therefore not presented as being carried forward to future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$41,084.

NOTE 21 – CAPITALIZED LEASES – LESSEE DISCLOSURE

In prior years, the School District entered into capitalized leases for copiers, a telephone system, and heating and air conditioning equipment. The leases meet the criteria of a capital lease as defined by GASB 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 are reflected as debt service expenditures in the general purpose financial statements.

Fixed assets acquired by leases have been capitalized in the General Fixed Assets Account Group in the amount of \$249,960, which is 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.

For fiscal year 2003, the School District made the final lease payment of \$4,165. Of this amount, \$4,144 represents principal and \$21 represents interest.

NOTE 22 – STATE SCHOOL FUNDING DECISION

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

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

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

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	PASS THROUGH ENTITY NUMBER	FEDERAL CFDA NUMBER	RECEIPTS	NON-CASH RECEIPTS	EXPENDITURES	NON-CASH EXPENDITURES
<u>U.S. DEPT. OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster: Food Donation	N/A	10.550		\$22,213		\$22,213
National School Lunch Program	N/A	10.555	\$49,710		\$49,710	
Total U.S. Dept. of Agriculture-Child Nutrition Cluster			49,710	22,213	49,710	22,213
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Adult Education - State Grant Program	51656-AB-S1-2003	84.002	145,880		145,880	
Even Start State Educational Agencies	051656-EV-S1-2003	84.213	93,265		74,867	
Vocational Education - Basic Grants to States	VECP11-S03-101 VECP11-S02-101 VEAR-2002-101	84.048	340,822 49,962 27,200		387,791 0 27,200	
			417,984		414,991	
Improving Teacher Quality - State Grants	051656-TRS1-2003	84.367	831		4,619	
Eisenhower Professional Development - State Grants	051656-C2S1-2003	84.281	887		3,225	
Safe & Drug Free Schools and Communities - State Grants	051656-DRS1-2003	84.186	436		436	
Direct Grant: Federal Pell Grant Program		84.063	171,493		171,493	
Total U.S. Department of Education			830,776		815,511	
<u>U.S. Department of Health and Human Services</u>						
<i>Passed Through Tuscarawas County Job and Family Services</i>						
Temporary Assistance for Needy Families (TANF)	N/A	93.558	87,505		87,505	
Totals			\$967,991	\$22,213	\$952,726	\$22,213

The Notes to the Schedule of Receipts and Expenditures of Federal Awards are an integral part of this statement

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) 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 – CHILD NUTRITION CLUSTER

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



Auditor of State Betty Montgomery

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

Buckeye Joint Vocational School District
Tuscarawas County
545 University Drive
New Philadelphia, Ohio 44663

To the Board of Education:

We have audited the general purpose financial statements of the Buckeye Joint Vocational School District, Tuscarawas County, Ohio, (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated January 20, 2004 in which we noted the District changed its fixed asset capitalization threshold. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated January 20, 2004.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 20, 2004.

Buckeye Joint Vocational School District
Tuscarawas County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

January 20, 2004



Auditor of State Betty Montgomery

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

Buckeye Joint Vocational School District
Tuscarawas County
545 University Drive
New Philadelphia, Ohio 44663

To the Board of Education:

Compliance

We have audited the compliance of the Buckeye Joint Vocational School District, Tuscarawas 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 program for the year ended June 30, 2003. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2003.

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 the internal control over compliance in accordance with OMB Circular A-133.

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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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

January 20, 2004

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
JUNE 30, 2003**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Vocational Education Grants to States CFDA #84.048
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



**Auditor of State
Betty Montgomery**

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BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 4, 2004**