

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS  
*(AUDITED)***

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2008***

**NANCY ACKERMAN, TREASURER**





Mary Taylor, CPA  
Auditor of State

Board of Education  
Buckeye Central Local School District  
306 South Kibler Street  
New Washington, Ohio 44854

We have reviewed the *Independent Auditor's Report* of the Buckeye Central Local School District, Crawford County, prepared by Julian & Grube, Inc., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

December 18, 2008

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**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Board of Education  
Buckeye Central Local School District  
306 S. Kibler Street  
New Washington, Ohio 44854

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Central Local School District, Crawford County, Ohio, as of and for the fiscal year ended June 30, 2008, which collectively comprise Buckeye Central Local School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Buckeye Central Local School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

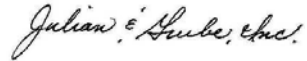
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Central Local School District, Crawford County, Ohio, as of June 30, 2008, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2008, on our consideration of Buckeye Central Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Independent Auditor's Report  
Buckeye Central Local School District  
Page Two

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Julian & Grube, Inc.  
December 5, 2008



**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The management's discussion and analysis of the Buckeye Central Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2008 are as follows:

- The District restated beginning net assets as described in Note 3.B. In total, net assets of governmental activities increased \$737,747 which represents a 3.63% increase from the restated 2007.
- General revenues accounted for \$8,683,291 in revenue or 85.59% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,462,502 or 14.41% of total revenues of \$10,145,793.
- The District had \$9,408,046 in expenses related to governmental activities; \$1,462,502 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,683,291 were adequate to provide for these programs.
- The District's three major governmental funds are the general fund, building fund and classroom facilities fund. The general fund had \$8,352,640 in revenues, \$8,030,453 in expenditures and \$82,500 in transfers out. During fiscal year 2008, the general fund's fund balance increased \$239,687 from \$1,827,183 to \$2,066,870.
- The building fund had \$156,856 revenues and \$423,613 in expenditures. During fiscal year 2008, the building fund's fund balance decreased to a balance of \$3,809,535.
- The classroom facilities fund had \$6,908,892 revenues and \$2,376,091 in expenditures. During fiscal year 2008, the classrooms facilities fund's fund balance increased to a balance of \$9,584,693.

**Using these Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *statement of net assets* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund, building fund and classroom facilities fund are the most significant funds and are considered major funds.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Reporting the District as a Whole**

***Statement of Net Assets and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the Governmental Activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's three major governmental funds are the general fund, building fund and classroom facilities fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

***Fiduciary Funds***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 20 and 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-49 of this report.

**The District as a Whole**

The statement of net assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2008 and 2007.

	Net Assets	
	Governmental Activities 2008	Restated Governmental Activities 2007
<b><u>Assets</u></b>		
Current and other assets	\$ 30,572,688	\$ 31,259,052
Capital assets, net	5,074,340	2,409,262
Total assets	35,647,028	33,668,314
<b><u>Liabilities</u></b>		
Current liabilities	5,075,827	3,852,542
Long-term liabilities	9,492,178	9,474,496
Total liabilities	14,568,005	13,327,038
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	1,790,015	1,760,072
Restricted	17,577,958	17,076,017
Unrestricted	1,711,050	1,505,187
Total net assets	\$ 21,079,023	\$ 20,341,276

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2008, the District's assets exceeded liabilities by \$21,079,023. Of this total, \$1,711,050 is unrestricted in use.

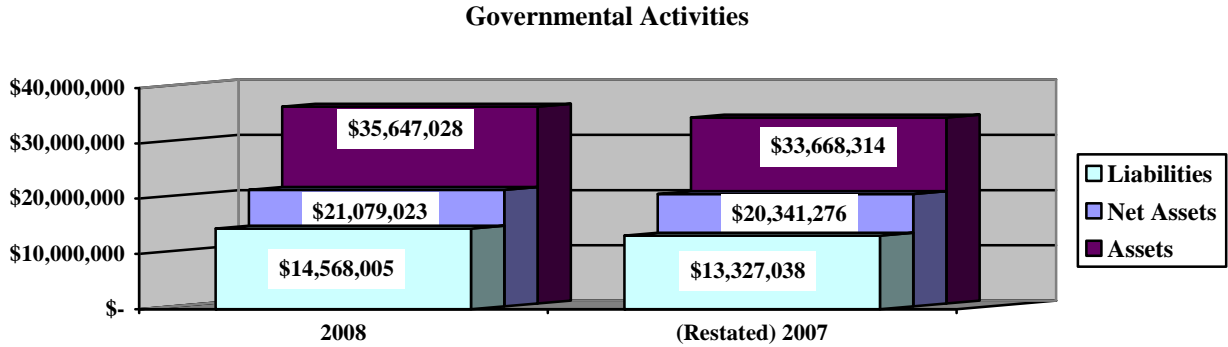
At year-end, capital assets represented 14.23% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2008, were \$1,790,015. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$17,577,958, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$1,711,050 may be used to meet the District's ongoing obligations to the students and creditors.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The graph below illustrates the District's assets, liabilities and net assets at June 30, 2008:



The table below shows the change in net assets for fiscal year 2008 and 2007. The 2007 net assets have been restated as shown in Note 3.B.

	<u>Change in Net Assets</u>	
	<u>Governmental Activities 2008</u>	<u>Governmental Activities 2007</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 489,340	\$ 483,746
Operating grants and contributions	963,597	969,166
Capital grants and contributions	9,565	215,346
General revenues:		
Property taxes	2,266,402	1,866,696
School district income tax	1,468,804	1,382,324
Grants and entitlements	4,365,593	21,092,667
Investment earnings	535,250	166,736
Miscellaneous	47,242	30,552
Total revenues	<u>10,145,793</u>	<u>26,207,233</u>

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<b>Change in Net Assets</b>	
	Governmental Activities 2008	Governmental Activities 2007
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 4,582,426	\$ 4,572,115
Special	615,311	609,894
Vocational	121,384	116,507
Other	22,492	69,296
Support services:		
Pupil	228,100	236,383
Instructional staff	254,304	333,467
Board of education	16,261	21,746
Administration	958,624	872,590
Fiscal	259,720	222,606
Business	24,171	7,764
Operations and maintenance	603,354	553,790
Pupil transportation	491,893	479,774
Central	5,009	4,990
Operations of non-instructional services:		
Food service operations	357,703	339,196
Non-instructional services	27,923	13,323
Extracurricular activities	366,305	391,927
Intergovernmental pass-through	87,632	47,627
Interest and fiscal charges	385,434	30,299
<b>Total expenses</b>	<b>9,408,046</b>	<b>8,923,294</b>
<b>Change in net assets</b>	<b>737,747</b>	<b>17,283,939</b>
<b>Net assets at beginning of year (restated)</b>	<b>20,341,276</b>	<b>3,057,337</b>
<b>Net assets at end of year</b>	<b>\$ 21,079,023</b>	<b>\$ 20,341,276</b>

**Governmental Activities**

Net assets of the District's governmental activities increased \$737,747. Total governmental expenses of \$9,408,046 were offset by program revenues of \$1,462,502 and general revenues of \$8,683,291. Program revenues supported 15.55% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from taxes, and grants and entitlements. These revenue sources represent 79.84% of total governmental revenue.

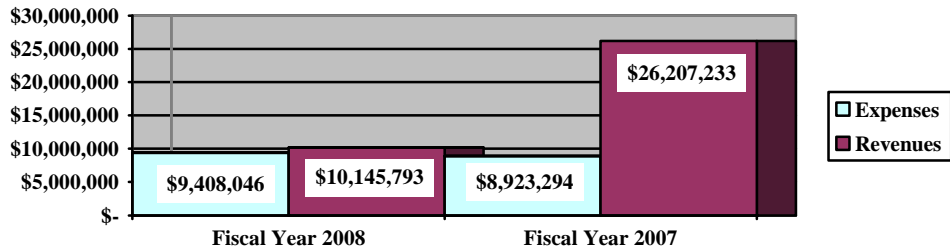
The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,341,613 or 56.78% of total governmental expenses for fiscal year 2008.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2008 and 2007.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and sales and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 4,582,426	\$ 4,370,833	\$ 4,572,115	\$ 4,376,730
Special	615,311	75,072	609,894	161,118
Vocational	121,384	71,856	116,507	61,027
Other	22,492	22,492	69,296	69,296
Support services:				
Pupil	228,100	128,517	236,383	128,378
Instructional staff	254,304	204,699	333,467	227,897
Board of education	16,261	11,008	21,746	21,746
Administration	958,624	958,624	872,590	872,590
Fiscal	259,720	256,593	222,606	222,484
Business	24,171	24,171	7,764	7,764
Operations and maintenance	603,354	600,854	553,790	553,790
Pupil transportation	491,893	454,398	479,774	420,242
Central	5,009	9	4,990	(10)
Operations of non-instructional services:				
Food service operations	357,703	60,573	339,196	52,013
Non-instructional services	27,923	27,229	13,323	9,450
Extracurricular activities	366,305	277,076	391,927	73,355
Intergovernmental pass-through	87,632	16,106	47,627	(33,133)
Interest and fiscal charges	385,434	385,434	30,299	30,299
<b>Total expenses</b>	<u>\$ 9,408,046</u>	<u>\$ 7,945,544</u>	<u>\$ 8,923,294</u>	<u>\$ 7,255,036</u>

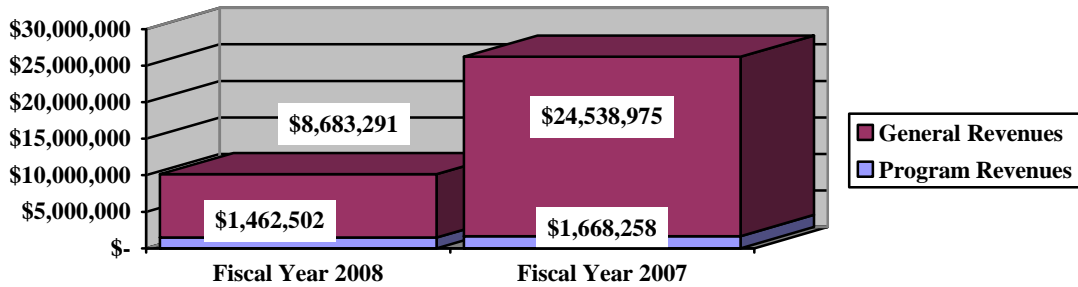
**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The dependence upon tax and other general revenues for governmental activities is apparent, 85.00% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 84.45%. The District's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2008 and 2007.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$15,791,392, which is higher than last year's total of \$11,075,209. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2008 and 2007.

	Fund Balance June 30, 2008	Fund Balance June 30, 2007	Increase (Decrease)	Percentage Change
General	\$ 2,066,870	\$ 1,827,183	\$ 239,687	13.12 %
Building	3,809,535	4,076,292	(266,757)	(6.54) %
Classroom facilities	9,584,693	5,051,892	4,532,801	89.72 %
Other governmental	<u>330,294</u>	<u>119,842</u>	<u>210,452</u>	175.61 %
Total	<u>\$ 15,791,392</u>	<u>\$ 11,075,209</u>	<u>\$ 4,716,183</u>	42.58 %

The increase in fund balance of the other governmental funds is primarily due to an increase of \$159,163 in fund balance of the debt service fund (a nonmajor governmental fund). The debt service fund's (a nonmajor governmental fund) main revenue source is taxes in which will be used to pay the series 2007 general obligation bonds. There were no principal payments due in fiscal year 2008.

**General Fund**

The District's general fund, fund balance increased by \$239,687. Revenues exceeded expenditures for fiscal year 2008 by \$322,187. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 3,217,729	\$ 3,237,008	\$ (19,279)	(0.60) %
Earnings on investments	105,709	123,452	(17,743)	(14.37) %
Intergovernmental	4,777,604	4,582,157	195,447	4.27 %
Other revenues	<u>251,598</u>	<u>209,302</u>	<u>42,296</u>	20.21 %
<b>Total</b>	<b><u>\$ 8,352,640</u></b>	<b><u>\$ 8,151,919</u></b>	<b><u>\$ 200,721</u></b>	<b>2.46 %</b>
<b><u>Expenditures</u></b>				
Instruction	\$ 5,100,643	\$ 5,075,465	\$ 25,178	0.50 %
Support services	2,601,295	2,560,510	40,785	1.59 %
Non-instructional services	26,844	20,171	6,673	33.08 %
Extracurricular activities	252,233	235,002	17,231	7.33 %
Facilities acquisition and construction	-	8,599	(8,599)	(100.00) %
Debt service	<u>49,438</u>	<u>17,808</u>	<u>31,630</u>	177.62 %
<b>Total</b>	<b><u>\$ 8,030,453</u></b>	<b><u>\$ 7,917,555</u></b>	<b><u>\$ 112,898</u></b>	<b>1.43 %</b>

Overall revenues in the general fund increased \$200,721 or 2.46%. The most significant increase was in the area of intergovernmental revenues. Intergovernmental revenues increased \$195,447 or 4.27% from the prior year. This increase is attributed to an increase in tangible personal property tax loss reimbursement from the State pursuant to Am. Sub. House Bill 66. Other revenues increased \$42,296 or 20.21%. The increase in other revenues is the result of an increase in tuition revenue.

Expenditures of the general fund increased \$112,898 or 1.43%. The most significant increase was in the area of support services expenditures which increased \$40,785 or 1.59%. The increase in support services expenditures is due mainly to anticipated salary/wage increases. The increase in the debt service expenditures is explained in Note 3.B. as part of the restatement to net assets.

***Building Fund***

The building fund had \$156,856 in revenues during fiscal year 2008. The building fund had \$423,613 in expenditures. During fiscal year 2008, the building fund's fund balance decreased to a fund balance of \$3,809,535.

***Classroom Facilities Fund***

The classroom facilities fund had \$6,908,892 in revenues during fiscal year 2008. The classroom facilities fund had \$2,376,091 in expenditures. During fiscal year 2008, the classroom facilities fund's fund balance increased to a fund balance of \$9,584,693. This increase is due to the receipt of revenue from the State of Ohio for the Ohio School Facilities Commission project.

***General Fund Budgeting Highlights***

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.



**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

During the course of fiscal year 2008, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$8,110,363 and final budgeted revenues and other financing sources were \$8,432,163. Actual revenues and other financing sources for fiscal year 2008, was \$8,486,079. This represents a \$53,916 increase over final budgeted revenues.

General fund original appropriations and other financing uses totaled \$8,129,284 and final appropriations and other financing uses totaled \$8,451,084. The actual budget basis expenditures and other financing uses for fiscal year 2008 totaled \$8,385,734, which is lower than the final budget appropriations by \$65,350.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2008, the District had \$5,074,340 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2008 balances compared to 2007:

**Capital Assets at June 30  
(Net of Depreciation)**

	Governmental Activities	
	2008	2007
Land	\$ 456,136	\$ 456,136
Construction in progress	2,930,493	130,789
Land improvements	319,605	338,125
Building and improvements	1,226,388	1,303,707
Furniture and equipment	31,567	38,254
Vehicles	110,151	142,251
Total	\$ 5,074,340	\$ 2,409,262

The overall increase in capital assets of \$2,665,078 is due to capital outlays of \$2,799,704 exceeding depreciation of \$134,626 in the fiscal year.

See Note 9 to the basic financial statements for additional information on the District's capital assets.

*Debt Administration*

The District restated the long term debt as described in Note 3.B. The following table summarizes the District's long term debt outstanding at June 30, 2008.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Governmental Activities <u>2008</u>	Restated Governmental Activities <u>2007</u>
Current interest bonds - Series 2007	\$ 8,260,000	\$ 8,260,000
Capital appreciation bonds - Series 2007	180,991	180,991
Accreted interest	24,055	546
Loans payable	478,309	498,855
Capital lease obligations	<u>-</u>	<u>2,939</u>
Total	<u>\$ 8,943,355</u>	<u>\$ 8,943,331</u>

At June 30, 2008, the District had \$8,943,355 in current interest bonds, capital appreciation bonds, accreted interest and loans payable. The general obligation bond issues are comprised of current issue bonds and capital appreciation bonds. Of this total, \$36,639 is due within one year and \$8,906,716 is due in more than one year.

See Note 11 to the basic financial statements for additional information on the District's debt administration.

**Current Financial Related Activities**

Overall, the District is financially sound. However, the five-year forecast shows some financial concern in fiscal year 2013. The current economic conditions will have an effect on the district's income tax as well as seeing additional cuts in state funding. The challenge for the District is to continue to provide the resources necessary to meet student needs and be able to stay within the five-year forecast. The five-year forecast is utilized to effectively and efficiently manage the District's resources to the fullest.

The District's largest portion of expenditures (approximately 66%) goes towards salary and fringe benefits. The Board will continue to negotiate within the five-year forecast. The Board continues to study the escalating cost for health insurance.

After several years of declining enrollment the Board took the opportunity to work out a transfer with Tiffin City Schools which allowed the District to add the territory of Bloomville and Bloom Township to the District. This occurred in August of 2002. The addition of this property has increased the enrollment by approximately 330 students.

The Board of Education passed a 6.3 mill bond levy in February 2007. The District will participate with the Ohio School Facilities Commission on this project with an 80% state share and 20% local share. The total co-funded share is \$21,284,160. The board also passed Locally Fund Initiative (LFI) dollars totaling \$3,874,288 making the total project cost \$25,158,448. The project is currently on schedule and the estimated opening date is October 2009.

As a result of the facts presented in the paragraphs above, the District's financial planning will be essential in meeting the challenges the future will bring. It is imperative the District's Board and management continue to carefully and prudently plan in order to provide the resources required to meet the needs of our students over the next several years.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Ms. Nancy Ackerman, Buckeye Central Local School District, 306 S. Kibler Street, New Washington, Ohio 44854.

**BASIC  
FINANCIAL STATEMENTS**

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2008

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 9,804,248
Cash in segregated account. . . . .	750
Investments . . . . .	6,760,843
Receivables:	
Taxes . . . . .	4,220,201
Accounts . . . . .	8,740
Accrued interest . . . . .	65,823
Intergovernmental . . . . .	9,542,596
Prepayments . . . . .	12,648
Materials and supplies inventory . . . . .	20,343
Unamortized bond issuance costs . . . . .	136,496
Capital assets:	
Land . . . . .	456,136
Construction in progress. . . . .	2,930,493
Depreciable capital assets, net . . . . .	1,687,711
Capital assets, net. . . . .	5,074,340
Total assets. . . . .	35,647,028
<b>Liabilities:</b>	
Accounts payable. . . . .	46,548
Contracts payable. . . . .	1,150,791
Accrued wages and benefits . . . . .	616,407
Pension obligation payable. . . . .	164,049
Due to other governments . . . . .	45,912
Unearned revenue . . . . .	3,024,527
Matured interest payable . . . . .	750
Accrued interest payable. . . . .	26,843
Long-term liabilities:	
Due within one year. . . . .	71,865
Due in more than one year . . . . .	9,420,313
Total liabilities . . . . .	14,568,005
<b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	1,790,015
Restricted for:	
Debt service . . . . .	154,987
Capital projects . . . . .	17,311,741
Classroom facilities maintenance . . . . .	36,409
State funded programs . . . . .	26,930
Federally funded programs . . . . .	18,032
Student activities . . . . .	10,294
Other purposes . . . . .	19,565
Unrestricted. . . . .	1,711,050
Total net assets . . . . .	\$ 21,079,023

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 4,582,426	\$ 189,730	\$ 21,863	\$ -	\$ (4,370,833)
Special . . . . .	615,311	32,664	507,575	-	(75,072)
Vocational . . . . .	121,384	-	49,528	-	(71,856)
Other . . . . .	22,492	-	-	-	(22,492)
Support services:					
Pupil . . . . .	228,100	-	99,583	-	(128,517)
Instructional staff . . . . .	254,304	-	49,605	-	(204,699)
Board of education . . . . .	16,261	-	5,253	-	(11,008)
Administration . . . . .	958,624	-	-	-	(958,624)
Fiscal . . . . .	259,720	150	2,977	-	(256,593)
Business . . . . .	24,171	-	-	-	(24,171)
Operations and maintenance . . . . .	603,354	2,500	-	-	(600,854)
Pupil transportation . . . . .	491,893	-	27,930	9,565	(454,398)
Central . . . . .	5,009	-	5,000	-	(9)
Operation of non-instructional services:					
Food service operations . . . . .	357,703	175,067	122,063	-	(60,573)
Other non-instructional services . . . . .	27,923	-	694	-	(27,229)
Extracurricular activities . . . . .	366,305	89,229	-	-	(277,076)
Intergovernmental pass-through . . . . .	87,632	-	71,526	-	(16,106)
Interest and fiscal charges . . . . .	385,434	-	-	-	(385,434)
<b>Total governmental activities . . . . .</b>	<b>\$ 9,408,046</b>	<b>\$ 489,340</b>	<b>\$ 963,597</b>	<b>\$ 9,565</b>	<b>(7,945,544)</b>

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	1,748,768
Special revenue . . . . .	33,996
Debt service . . . . .	483,638
School district income tax . . . . .	1,468,804
Grants and entitlements not restricted to specific programs . . . . .	4,365,593
Investment earnings . . . . .	535,250
Miscellaneous . . . . .	47,242
<b>Total general revenues . . . . .</b>	<b>8,683,291</b>
Change in net assets . . . . .	737,747
<b>Net assets at beginning of year (restated) . . . . .</b>	<b>20,341,276</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 21,079,023</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008

	<u>General</u>	<u>Building</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . . . .	\$ 1,865,815	\$ 1,688,602	\$ 6,016,016	\$ 224,250	\$ 9,794,683
Cash in segregated account. . . . .	-	-	-	750	750
Investments . . . . .	-	2,309,490	4,451,353	-	6,760,843
Receivables:					
Taxes. . . . .	3,907,725	-	-	312,476	4,220,201
Accounts . . . . .	2,890	-	5,750	100	8,740
Accrued interest . . . . .	3,446	17,592	44,785	-	65,823
Intergovernmental . . . . .	-	-	9,523,955	18,641	9,542,596
Interfund receivable. . . . .	12,720	-	-	-	12,720
Prepayments. . . . .	12,648	-	-	-	12,648
Materials and supplies inventory . . . . .	12,996	-	-	7,347	20,343
Restricted assets:					
Equity in pooled cash and cash equivalents . . . . .	9,565	-	-	-	9,565
Total assets . . . . .	<u>\$ 5,827,805</u>	<u>\$ 4,015,684</u>	<u>\$ 20,041,859</u>	<u>\$ 563,564</u>	<u>\$ 30,448,912</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 45,479	\$ -	\$ -	\$ 1,069	\$ 46,548
Contracts payable . . . . .	-	188,557	962,234	-	1,150,791
Accrued wages and benefits . . . . .	588,027	-	-	28,380	616,407
Compensated absences payable . . . . .	246	-	-	5,028	5,274
Pension obligation payable. . . . .	151,639	-	-	12,410	164,049
Due to other governments . . . . .	42,972	-	-	2,940	45,912
Interfund payable. . . . .	-	-	-	12,720	12,720
Matured interest payable . . . . .	-	-	-	750	750
Deferred revenue. . . . .	60,524	17,592	9,494,932	17,494	9,590,542
Unearned revenue. . . . .	2,872,048	-	-	152,479	3,024,527
Total liabilities . . . . .	<u>3,760,935</u>	<u>206,149</u>	<u>10,457,166</u>	<u>233,270</u>	<u>14,657,520</u>
<b>Fund Balances:</b>					
Reserved for encumbrances . . . . .	95,643	-	-	19,295	114,938
Reserved for materials and supplies inventory. . . . .	12,996	-	-	7,347	20,343
Reserved for prepayments . . . . .	12,648	-	-	-	12,648
Reserved for debt service . . . . .	-	-	-	34,532	34,532
Reserved for property tax unavailable for appropriation . . . . .	490,995	-	-	142,503	633,498
Reserved for school bus purchase . . . . .	9,565	-	-	-	9,565
Unreserved, undesignated, reported in:					
General fund . . . . .	1,445,023	-	-	-	1,445,023
Special revenue funds. . . . .	-	-	-	80,341	80,341
Capital projects funds. . . . .	-	3,809,535	9,584,693	46,276	13,440,504
Total fund balances . . . . .	<u>2,066,870</u>	<u>3,809,535</u>	<u>9,584,693</u>	<u>330,294</u>	<u>15,791,392</u>
Total liabilities and fund balances . . . . .	<u>\$ 5,827,805</u>	<u>\$ 4,015,684</u>	<u>\$ 20,041,859</u>	<u>\$ 563,564</u>	<u>\$ 30,448,912</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2008

<b>Total governmental fund balances</b>		\$ 15,791,392
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		5,074,340
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 78,018	
Intergovernmental revenue	9,450,147	
Accrued interest	62,377	
Total		9,590,542
Unamortized bond issuance costs are not recognized in the funds		136,496
Unamortized premiums on bond issuance are not recognized in the funds.		(142,808)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(26,843)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(400,741)	
General obligation bonds payable	(8,465,046)	
Loans payable	(478,309)	
Total		(9,344,096)
<b>Net assets of governmental activities</b>		<b>\$ 21,079,023</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Building</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
From local sources:					
Taxes . . . . .	\$ 3,217,729	\$ -	\$ -	\$ 500,140	\$ 3,717,869
Tuition. . . . .	200,469	-	-	-	200,469
Charges for services. . . . .	-	-	-	175,067	175,067
Earnings on investments. . . . .	105,709	156,856	210,308	59	472,932
Extracurricular. . . . .	-	-	-	89,379	89,379
Classroom materials and fees . . . . .	17,092	-	-	139	17,231
Other local revenues. . . . .	34,037	-	8,600	11,799	54,436
Intergovernmental - State . . . . .	4,777,604	-	6,689,984	144,483	11,612,071
Intergovernmental - Federal . . . . .	-	-	-	416,609	416,609
Total revenues . . . . .	<u>8,352,640</u>	<u>156,856</u>	<u>6,908,892</u>	<u>1,337,675</u>	<u>16,756,063</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	4,489,202	-	-	22,074	4,511,276
Special. . . . .	467,565	-	-	146,163	613,728
Vocational. . . . .	121,384	-	-	-	121,384
Other. . . . .	22,492	-	-	-	22,492
Support services:					
Pupil. . . . .	127,891	-	-	100,209	228,100
Instructional staff . . . . .	202,326	-	-	50,978	253,304
Board of education . . . . .	16,261	-	-	-	16,261
Administration. . . . .	919,570	-	-	6,127	925,697
Fiscal . . . . .	250,176	-	-	7,106	257,282
Business . . . . .	24,171	-	-	-	24,171
Operations and maintenance. . . . .	601,541	-	-	-	601,541
Pupil transportation . . . . .	459,359	-	-	-	459,359
Central. . . . .	-	-	-	5,009	5,009
Operation of non-instructional services:					
Food service operations . . . . .	-	-	-	362,301	362,301
Other non-instructional services. . . . .	26,844	-	-	701	27,545
Extracurricular activities. . . . .	252,233	-	-	83,264	335,497
Facilities acquisition and construction . . . . .	-	423,613	2,376,091	-	2,799,704
Intergovernmental pass through . . . . .	-	-	-	87,632	87,632
Debt service:					
Principal retirement . . . . .	23,485	-	-	-	23,485
Interest and fiscal charges . . . . .	25,953	-	-	338,159	364,112
Total expenditures . . . . .	<u>8,030,453</u>	<u>423,613</u>	<u>2,376,091</u>	<u>1,209,723</u>	<u>12,039,880</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>322,187</u>	<u>(266,757)</u>	<u>4,532,801</u>	<u>127,952</u>	<u>4,716,183</u>
<b>Other financing sources (uses):</b>					
Transfers in . . . . .	-	-	-	82,500	82,500
Transfers (out). . . . .	(82,500)	-	-	-	(82,500)
Total other financing sources (uses) . . . . .	<u>(82,500)</u>	<u>-</u>	<u>-</u>	<u>82,500</u>	<u>-</u>
Net change in fund balances . . . . .	239,687	(266,757)	4,532,801	210,452	4,716,183
<b>Fund balances at beginning of year . . . . .</b>	<u>1,827,183</u>	<u>4,076,292</u>	<u>5,051,892</u>	<u>119,842</u>	<u>11,075,209</u>
<b>Fund balances at end of year. . . . .</b>	<u>\$ 2,066,870</u>	<u>\$ 3,809,535</u>	<u>\$ 9,584,693</u>	<u>\$ 330,294</u>	<u>\$ 15,791,392</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**Net change in fund balances - total governmental funds** \$ 4,716,183

*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.

Capital asset additions	\$	2,799,704	
Current year depreciation		(134,626)	
Total			2,665,078

Principal payments on capital lease obligations and loans are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 23,485

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes		17,337	
Intergovernmental		(6,689,984)	
Accrued interest		62,377	
Total			(6,610,270)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in more interest being reported in the statement of activities:

Increase in accrued interest payable		1,956	
Accreted interest on "capital appreciation" bonds		(23,509)	
Amortization of bond issuance costs		(4,978)	
Amortization of bond premiums		5,209	
Total			(21,322)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (35,407)

**Change in net assets of governmental activities** \$ 737,747

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 3,123,589	\$ 3,247,763	\$ 3,248,134	\$ 371
Tuition. . . . .	192,642	200,300	200,469	169
Earnings on investments. . . . .	101,947	106,000	105,941	(59)
Classroom materials and fees . . . . .	16,398	17,050	17,092	42
Other local revenues . . . . .	30,296	31,500	31,618	118
Intergovernmental - State . . . . .	4,629,991	4,814,050	4,777,604	(36,446)
Total revenues . . . . .	<u>8,094,863</u>	<u>8,416,663</u>	<u>8,380,858</u>	<u>(35,805)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	4,361,220	4,537,701	4,531,257	6,444
Special. . . . .	462,005	480,700	464,873	15,827
Vocational. . . . .	117,097	121,835	120,954	881
Other. . . . .	66,302	68,985	68,949	36
Support services:				
Pupil. . . . .	123,550	128,550	126,924	1,626
Instructional staff . . . . .	210,194	218,700	215,368	3,332
Board of education . . . . .	16,339	17,000	13,932	3,068
Administration. . . . .	954,284	992,900	986,648	6,252
Fiscal . . . . .	239,220	248,900	245,057	3,843
Business . . . . .	29,987	31,200	31,139	61
Operations and maintenance. . . . .	625,217	650,517	640,541	9,976
Pupil transportation . . . . .	466,522	485,400	481,822	3,578
Operation of non-instructional services . . . . .	26,334	27,400	27,136	264
Extracurricular activities. . . . .	249,311	259,400	254,238	5,162
Facilities acquisition and construction. . . . .	4,806	5,000	-	5,000
Total expenditures . . . . .	<u>7,952,388</u>	<u>8,274,188</u>	<u>8,208,838</u>	<u>65,350</u>
Excess of revenues over expenditures. . . . .	<u>142,475</u>	<u>142,475</u>	<u>172,020</u>	<u>29,545</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure. . . . .	15,500	15,500	15,925	425
Transfers out. . . . .	(82,500)	(82,500)	(82,500)	-
Advances in. . . . .	-	-	89,296	89,296
Advances out . . . . .	(94,396)	(94,396)	(94,396)	-
Total other financing sources (uses) . . . . .	<u>(161,396)</u>	<u>(161,396)</u>	<u>(71,675)</u>	<u>89,721</u>
Net change in fund balance . . . . .	(18,921)	(18,921)	100,345	119,266
<b>Fund balance at beginning of year. . . . .</b>	1,467,934	1,467,934	1,467,934	-
<b>Prior year encumbrances appropriated . . . . .</b>	166,055	166,055	166,055	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,615,068</u>	<u>\$ 1,615,068</u>	<u>\$ 1,734,334</u>	<u>\$ 119,266</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2008

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ -	\$ 55,622
Investments. . . . .	178,648	-
Receivables:		
Accounts . . . . .	-	1,557
Accrued interest . . . . .	80	-
Total assets . . . . .	\$ 178,728	\$ 57,179
<b>Liabilities:</b>		
Due to students . . . . .	\$ -	\$ 57,179
Total liabilities . . . . .	-	\$ 57,179
<b>Net Assets:</b>		
Held in trust for scholarships . . . . .	178,728	
Total net assets . . . . .	\$ 178,728	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 7,994
Total additions. . . . .	7,994
<b>Deductions:</b>	
Scholarships awarded . . . . .	6,000
Change in net assets . . . . .	1,994
Net assets at beginning of year. . . . .	176,734
Net assets at end of year . . . . .	\$ 178,728

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

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

The District ranks as the 553<sup>rd</sup> largest by total enrollment among the 896 public school districts and community schools in the State and 5<sup>th</sup> largest in Crawford County. The District employed 63 certified employees and 43 non-certified employees who provide services to 754 students.

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

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

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity", as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based upon the application of this criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

The following organizations are described due to their relationship to the District:

*PUBLIC ENTITY RISK POOLS*

Wyandot Crawford Health Benefit Plan

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

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Northern Ohio Educational Computer Association (NOECA)

The District is a participant in the Northern Ohio Educational Computer Association (NOECA), which is a computer consortium. NOECA is an association of forty-one public school districts and educational service centers formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The NOECA Board of Directors consists of two representatives from each county in which participating school districts are located, the chairman of each of the operating committees and a representative from the fiscal agent. Financial information can be obtained from Betty Schwiefert, who serves as Controller, 2900 South Columbus Avenue, Sandusky, Ohio 44870.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District does not have proprietary funds.

*GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

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

*Building Fund* - The building capital projects fund is used to account for all transactions related to the acquiring, constructing, or improving buildings for the District.

*Classroom Facilities Fund* - The classroom facilities capital projects fund is used to account for financial resources and expenditures related to the school facilities construction project.

Other governmental funds of the District are used to account for (a) the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by trust funds; (c) for food service operations and (d) for grants and other resources whose use is restricted to a particular purpose.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

**C. Basis of Presentation and Measurement Focus**

*Government-wide Financial Statements* - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

*Fund Financial Statements* - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust fund is reported using the economic resources measurement focus. The agency fund does not report a measurement focus as it does not report operations.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

*Revenues - Exchange and Non-exchange Transactions* - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. 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 District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income 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 6).

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 use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange 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 fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.



**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise 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, 2008, but which were levied to finance fiscal year 2009 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2008 are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except agency funds). The specific timetable for fiscal year 2008 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Crawford County Budget Commission for tax rate determination. The Crawford County Budget Commission waived this requirement for fiscal year 2008.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2008.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the first digit object level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. Any revisions that alter the total of any first digit object appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2008.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the first digit object level.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During fiscal year 2008, investments were limited to nonnegotiable certificates of deposits and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio) and federal agency securities. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2008. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2008.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund and the private-purpose trust funds. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$105,709 which includes \$31,205 assigned from other funds.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; 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. The District does not possess infrastructure.

All reported capital assets except land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities column on the statement of net assets.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

**J. Compensated Absences**

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2008, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2008 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, 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 noncurrent portion of the liability is not reported.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

**L. Fund Balance Reserves**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, prepayments, debt service, school bus purchases, and property tax revenue unavailable for appropriation. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

**M. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the general fund represent cash and cash equivalents set-aside to establish a school bus purchase reserve.

**N. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes includes amounts restricted for the underground storage tank fund (a nonmajor governmental fund) and school bus purchases.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**O. Unamortized Issuance Costs and Bond Premium**

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 11.A.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

**P. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**Q. Estimates**

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

**R. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

**S. Parochial School**

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

**T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2008.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2008, the District has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues" and GASB Statement No. 50, "Pension Disclosures".

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the District; however, certain disclosures related to postemployment benefits (see Note 14) have been modified to conform to the new reporting requirements.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the District.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the District.

**B. Restatement of Net Assets**

The District's net assets have been restated to reflect an outstanding long-term obligation to Tiffin City School District related to the transfer of District territory in a prior year. The addition of the long-term obligation had the following effect on net assets as previously reported by the governmental activities:

	Governmental Activities
Net assets, June 30, 2007	\$ 20,840,131
Adjustment for loan payable	(498,855)
Restated net assets, June 30, 2007	\$ 20,341,276

See Note 11 for the effect of the change on long-term obligation balances as previously reported by the District at June 30, 2007.

**C. Deficit Fund Balances**

Fund balances at June 30, 2008 included the following individual fund deficits:

Nonmajor funds	Deficit
Food service	\$ 15,779
EMIS	59
Miscellaneous State grants	61
Drug free schools	8

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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



**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

**A. Cash on Hand**

At year-end, the District had \$80 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents."

**B. Cash in Segregated Account**

At fiscal year end, \$750 was on deposit in the District's debt service clearance account and included in the total amount of deposits reported below. This amount is reported on the balance sheet and statement of net assets as "cash in segregated account."

**C. Deposits with Financial Institutions**

At June 30, 2008, the carrying amount of all District deposits was \$362,888. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2008, \$212,523 of the District's bank balance of \$439,745 was exposed to custodial risk as discussed below, while \$227,222 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**D. Investments**

As of June 30, 2008, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>
FHLB	\$ 4,815,669	\$ 403,150	\$ 1,098,653	\$ 1,665,178	\$ 1,648,688
FFCB	1,288,631	-	99,899	1,188,732	-
FHLMC	650,334	-	498,138	152,196	-
STAR Ohio	9,682,509	9,682,509	-	-	-
Total	<u>\$ 16,437,143</u>	<u>\$ 10,085,659</u>	<u>\$ 1,696,690</u>	<u>\$ 3,006,106</u>	<u>\$ 1,648,688</u>

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The District's investments, except for STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 4,815,669	29.30
FFCB	1,288,631	7.84
FHLMC	650,334	3.96
STAR Ohio	9,682,509	58.90
Total	<u>\$ 16,437,143</u>	<u>100.00</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**E. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2008:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 362,888
Investments	16,437,143
Cash on hand	80
Total	<u>\$ 16,800,111</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 16,565,841
Private-purpose trust funds	178,648
Agency funds	<u>55,622</u>
Total	<u>\$ 16,800,111</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A.** Interfund transfers for the year ended June 30, 2008, consisted of the following, as reported on the fund financial statements:

Transfers to nonmajor governmental funds from:	
General fund	\$ 82,500

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers between governmental funds are eliminated on the statement of activities.

All transfers made in fiscal year 2008 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

- B.** Interfund balances at June 30, 2008 as reported on the fund statements consist of the following individual interfund loan receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 12,720

This interfund balance will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the statement of net assets.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the 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 District. Real property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, 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 year 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 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 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. Tangible personal property tax is being phased out. For 2007, tangible personal property is assessed at 12.5% for property including inventory. This percentage was reduced to 6.25% for 2008 and will be reduced to zero for 2009. 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 District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2008-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Richland, Crawford, Seneca and Huron Counties. The respective County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date 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, 2008 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 unearned revenue.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 6 - PROPERTY TAXES - (Continued)**

The amount available as an advance at June 30, 2008 was \$490,995 in the general fund, \$131,193 in the debt service fund (a nonmajor governmental fund) and \$11,310 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount has been recorded as revenue. The amount that was available as an advance at June 30, 2007 was \$505,067 in the general fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 85,967,744	92.49	\$ 82,547,620	93.57
Public utility personal	4,494,160	4.84	4,345,690	4.93
Tangible personal property	<u>2,482,078</u>	<u>2.67</u>	<u>1,326,825</u>	<u>1.50</u>
Total	<u>\$ 92,943,982</u>	<u>100.00</u>	<u>\$ 88,220,135</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation:				
Current	\$45.00		\$45.00	
Debt	-		6.30	

**NOTE 7 - SCHOOL DISTRICT INCOME TAX**

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

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

The 1.5% SDIT was passed in November 1989, and collections began January 1, 1990. SDIT revenue received by the general fund during fiscal year 2008 was \$1,468,804.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2008 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the items of receivables reported on the statement of net assets follows:

**Governmental activities:**

Taxes	\$ 4,220,201
Accounts	8,740
Accrued interest	65,823
Intergovernmental	<u>9,542,596</u>
Total	<u>\$ 13,837,360</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year except for the OSFC grant which will be collected over the term of the construction project.

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	<u>Balance 06/30/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/08</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 456,136	\$ -	\$ -	\$ 456,136
Construction in progress	<u>130,789</u>	<u>2,799,704</u>	<u>-</u>	<u>2,930,493</u>
Total capital assets, not being depreciated	<u>586,925</u>	<u>2,799,704</u>	<u>-</u>	<u>3,386,629</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	714,975	-	-	714,975
Buildings and improvements	5,278,857	-	-	5,278,857
Furniture and equipment	214,634	-	-	214,634
Vehicles	<u>778,928</u>	<u>-</u>	<u>-</u>	<u>778,928</u>
Total capital assets, being depreciated	<u>6,987,394</u>	<u>-</u>	<u>-</u>	<u>6,987,394</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(376,850)	(18,520)	-	(395,370)
Buildings and improvements	(3,975,150)	(77,319)	-	(4,052,469)
Furniture and equipment	(176,380)	(6,687)	-	(183,067)
Vehicles	<u>(636,677)</u>	<u>(32,100)</u>	<u>-</u>	<u>(668,777)</u>
Total accumulated depreciation	<u>(5,165,057)</u>	<u>(134,626)</u>	<u>-</u>	<u>(5,299,683)</u>
Governmental activities capital assets, net	<u>\$ 2,409,262</u>	<u>\$ 2,665,078</u>	<u>\$ -</u>	<u>\$ 5,074,340</u>

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 9 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 69,669
<u>Support services:</u>	
Operations and maintenance	117
Pupil transportation	32,809
Extracurricular activities	31,251
Food service operations	<u>780</u>
Total depreciation expense	<u>\$ 134,626</u>

**NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE**

In previous years, the District entered into capitalized leases for copier equipment. These lease agreements meet the criteria of capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$73,403. This amount represents the present value of the future minimum lease payments at the time of acquisition. The final principal payment of \$2,939 was made in fiscal year 2008 paid by the general fund. At June 30, 2008 the copiers were fully depreciated.

**NOTE 11 - LONG-TERM OBLIGATIONS**

- A. The District's net assets have been restated to reflect an outstanding long-term obligation to Tiffin City School District related to the transfer of District territory. This loan increased the beginning balance of long-term obligations by \$498,855, from \$8,827,624 to \$9,326,479. During fiscal year 2008, the following activity occurred in the governmental activities long-term obligations:

	Restated Balance			Balance	Amounts Due in
	<u>June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2008</u>	<u>One Year</u>
General obligation bonds	\$ 8,441,537	\$ 23,509	\$ -	\$ 8,465,046	\$ 15,000
Loan payable	498,855	-	(20,546)	478,309	21,639
Capital lease obligation	2,939	-	(2,939)	-	-
Compensated absences	<u>383,148</u>	<u>63,190</u>	<u>(40,323)</u>	<u>406,015</u>	<u>35,226</u>
Total governmental activities	<u>\$ 9,326,479</u>	<u>\$ 86,699</u>	<u>\$ (63,808)</u>	9,349,370	<u>\$ 71,865</u>
Add: Unamortized premium on bonds				<u>142,808</u>	
Total on statement of net assets				<u>\$ 9,492,178</u>	

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

Compensated Absences: Compensated absences will be paid from the fund from which the employee's salaries are paid which, for the District, are primarily the general fund and food service fund (a nonmajor governmental fund).

- B. General Obligation Bonds - Series 2007:** On May 30, 2007, the District issued general obligation bonds to finance building construction and improvements in accordance with the terms of a facilities grant from the Ohio Schools Facilities Commission (OSFC). The total project (hereafter "Construction Project") encompasses the construction of one new facility to house K-12 and to demolish Buckeye East Elementary, Buckeye North Elementary, Buckeye West Elementary and Buckeye Central High School. This issue is comprised of both current interest bonds, par value \$8,260,000, and capital appreciation bonds, par value \$180,991. The interest rates on the current interest bonds range from 4.00% to 4.25%. The capital appreciation bonds mature on December 1, 2014 (effective interest 12.59%) and December 1, 2015 (effective interest 12.59%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$480,000. Total accreted interest of \$24,055 has been included in the statement of net assets at June 30, 2008. At June 30, 2008, the District had \$5,641,287 of unspent bond proceeds remaining on the bond issue.

These bonds represent the amount of the Construction Project that the District itself was required to finance, in accordance with the terms of the facilities grant from OSFC. OSFC will make quarterly disbursements to the District as the project is completed. As of June 30, 2008, the total cost of the Construction Project is \$21,284,160, of which OSFC will pay \$16,924,893.

In conjunction with the 5.8 mills which support the bond issue, the District also passed in fiscal year 2007 a .5 mil levy to ultimately fund the maintenance costs of the new facilities.

These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the statement of net assets. Payments of principal and interest relating to this bond are recorded as an expenditure in the debt service fund.

Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2035.

The following is a schedule of activity for fiscal year 2008 on the 2007 series bonds:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Current interest bonds -				
2007 Series	\$ 8,260,000	\$ -	\$ -	\$ 8,260,000
Capital appreciation bonds -				
2007 Series	180,991	-	-	180,991
Capital appreciation bonds -				
Accreted Interest	<u>546</u>	<u>23,509</u>	<u>-</u>	<u>24,055</u>
<b>Total</b>	<u>\$ 8,441,537</u>	<u>\$ 23,509</u>	<u>\$ -</u>	<u>\$ 8,465,046</u>



**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a summary of the future debt service requirements to maturity for the 2007 series bonds:

Fiscal Year Ending June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 15,000	\$ 336,923	\$ 351,923	\$ -	\$ -	\$ -
2010	185,000	332,923	517,923	-	-	-
2011	205,000	325,123	530,123	-	-	-
2012	215,000	316,723	531,723	-	-	-
2013	225,000	307,923	532,923	-	-	-
2014 - 2018	725,000	1,455,414	2,180,414	180,991	299,009	480,000
2019 - 2023	1,400,000	1,236,115	2,636,115	-	-	-
2024 - 2028	1,715,000	925,615	2,640,615	-	-	-
2029 - 2033	2,090,000	541,530	2,631,530	-	-	-
2034 - 2036	1,485,000	96,369	1,581,369	-	-	-
<b>Total</b>	<b>\$ 8,260,000</b>	<b>\$ 5,874,658</b>	<b>\$ 14,134,658</b>	<b>\$ 180,991</b>	<b>\$ 299,009</b>	<b>\$ 480,000</b>

- C. Loans Payable: On July 11, 2002, the Board of Education passed a resolution to approve an agreement to assume operations of Bloomville Elementary School from the Tiffin City School District. The affected territory is contiguous with the existing District boundaries. In September 2002, the Ohio Department of Education approved the District's application for approval of this transaction.

The agreement provided that the Tiffin City School District would transfer ownership of all Bloomville elementary real and personal property to the District, and the District will pay the pro rata share of Tiffin City School District's general obligation debt, which amounts to \$23,235 semi-annually including interest.

The remaining balance of the debt, including interest, at June 30, 2008, is \$697,050 and matures in 2023. The District receives tax revenue related to the new boundaries. The activity related to this transaction has been reclassified and is reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements in the general fund.

The following is a summary of the future debt service requirements for the loan payable to Tiffin City School District:

Fiscal Year Ending June 30,	Principal	Interest	Total
2009	\$ 21,639	\$ 24,831	\$ 46,470
2010	22,790	23,680	46,470
2011	24,002	22,468	46,470
2012	25,279	21,191	46,470
2013	26,624	19,846	46,470
2014 - 2018	155,927	76,423	232,350
2019 - 2023	<u>202,048</u>	<u>30,302</u>	<u>232,350</u>
<b>Total</b>	<b>\$ 478,309</b>	<b>\$ 218,741</b>	<b>\$ 697,050</b>

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

**D. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations.

The Ohio Revised Code further provides that when a board of education declares a resolution that the student population is not adequately served by existing facilities, and that insufficient capacity exists within the 9% limit to finance additional facilities, the State Department of Education may declare that district a "special needs" district. This permits the incurrence of additional debt based upon projected 5-year growth of the school district's assessed valuation. The District was determined to be a "special needs" district by the State Superintendent on February 6, 2007.

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

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

The District maintains property insurance with KMU for real property and building contents. Real property and contents are insured for \$27,666,372. General liability is protected by KMU, with a \$2,000,000 annual aggregate/\$1,000,000 single occurrence limit and \$6,000,000 excess liability coverage. The bus fleet is also covered by KMU.

Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years. There was no significant reduction in coverage from the prior year.

**B. Employee Health Insurance**

The District has joined together with Carey Exempted Village Schools, Colonel Crawford Local Schools, Galion City Schools and Upper Sandusky Exempted Village Schools to form the Wyandot Crawford Health Benefit Plan (WCHBP), a public entity shared risk pool, operating as a common risk management and insurance program for the member Districts. The plan was organized to provide benefit coverage for employees, dependents and designated beneficiaries of such employees. The Huntington National Bank serves as trustee for the Wyandot-Crawford Health Benefit Plan. The District pays an annual premium to the pool for its general insurance coverage. The risk of loss transfers entirely from the District to WCHBP. The Agreement for formation of the WCHBP provides that the WCHBP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$110,000 for each insured event.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

**C. Worker's Compensation**

The District participates in the Ohio School Boards Association (OSBA) Worker's Compensation Group Rating Program (GRP), an insurance purchasing pool (see Note 2.A.). The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his/her designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Forms and Publications*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$84,664, \$90,964 and \$93,933, respectively; 44.89 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 13 - PENSION PLANS - (Continued)**

**B. State Teachers Retirement System of Ohio**

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. 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 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

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 a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by 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 member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. 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 of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2008, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. 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 District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007 and 2006 were \$412,409, \$406,770 and \$394,376, respectively; 83.30 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$144 made by the District and \$4,766 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2008, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$56,614, \$47,554 and \$35,564, respectively; 44.89 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2008, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$6,100, \$6,186 and \$7,476, respectively; 44.89 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$31,724, \$31,290 and \$30,337, respectively; 83.30 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (e) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

<b>Net Change in Fund Balance</b>	<u>General Fund</u>
Budget basis	\$ 100,345
Net adjustment for revenue accruals	(28,218)
Net adjustment for expenditure accruals	37,339
Net adjustment for other financing sources/uses	(10,825)
Adjustment for encumbrances	<u>141,046</u>
GAAP basis	<u>\$ 239,687</u>

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 16 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**NOTE 17 - STATUTORY RESERVES**

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2008, the reserve activity was as follows:

	Textbooks/ Instructional Materials	Capital Acquisition
Set-aside balance as of June 30, 2007	\$ (162,879)	\$ (8,440,991)
Current year set-aside requirement	111,988	111,988
Qualifying disbursements	(165,196)	(75,178)
Total	\$ (216,087)	\$ (8,404,181)
Balance carried forward to FY 2009	\$ (216,087)	\$ (8,404,181)

The amount of qualifying disbursements exceeding the set-aside requirement in the textbooks/instructional materials reserve may be carried forward to reduce the set-aside requirement for future years. Bonds issued during fiscal year 2007 were prior year offsets for the capital acquisition reserve that may be carried forward to future years.

A schedule of the restricted assets at June 30, 2008 follows:

Amount restricted for school bus purchases	<u>\$ 9,565</u>
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**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 18 - CONTRACTUAL COMMITMENTS**

As a result of the Ohio School Facilities Project that was in progress at June 30, 2008, the District had the following outstanding contractual commitments at fiscal year-end:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Amount Outstanding</u>
Buehrer Group	\$ 1,280,940	\$ 586,716	\$ 694,224
Mark Schaffer Excavating & Trucking, Inc.	1,264,876	514,974	749,902
Regency Construction Services, Inc.*	<u>16,510,980</u>	<u>-</u>	<u>16,510,980</u>
Total	<u>\$ 19,056,796</u>	<u>\$ 1,101,690</u>	<u>\$ 17,955,106</u>

\*The contract amount includes numerous specific vendors for specified portions of work on the building. Regency Construction Services, Inc. is the District's construction manager overseeing the project.





## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

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### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance With *Government Auditing Standards***

Board of Education  
Buckeye Central Local School District  
306 S. Kibler Street  
New Washington, Ohio 44854

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Central Local School District, Crawford County, Ohio, as of and for the fiscal year ended June 30, 2008, which collectively comprise Buckeye Central Local School District's basic financial statements and have issued our report thereon dated December 5, 2008. 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.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Buckeye Central Local School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Buckeye Central Local School District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of Buckeye Central Local School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Buckeye Central Local School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Buckeye Central Local School District's financial statements that is more than inconsequential will not be prevented or detected by Buckeye Central Local School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Buckeye Central Local School District's internal control.

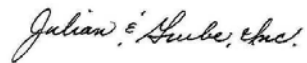
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Education  
Buckeye Central Local School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buckeye Central Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management and Board of Education of Buckeye Central Local School District and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.  
December 5, 2008



**Mary Taylor, CPA**  
Auditor of State

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT**  
**CRAWFORD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**DECEMBER 31, 2008**