



Mary Taylor, CPA  
Auditor of State



**Buckeye Local School District**  
*Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*  
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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Buckeye Local School District  
Ashtabula County  
3436 Edgewood Drive  
Ashtabula, Ohio 44004

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Local School District, Ashtabula County, Ohio, (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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 reasonably assure 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 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 Local School District, Ashtabula County, Ohio, as of June 30, 2008, and the respective changes in financial position and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

January 16, 2009

**Buckeye Local School District**  
Ashtabula County

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*  
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The discussion and analysis of Buckeye 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 notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2008 are as follows:

*Overall:*

- For governmental activities, net assets increased \$896,522, which represents a 12.2 percent increase from fiscal year 2007.
- General revenues accounted for \$18,345,770 in revenue or 86.1 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,963,507 or 13.9 percent of total governmental revenues of \$21,309,277.
- The District had \$20,412,755 in expenses related to governmental activities; only \$2,963,507 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$18,345,770 were adequate to provide for these programs.
- The general fund, excluding other financing sources and uses, had \$18,813,025 in revenues and \$18,002,749 in expenditures. The general fund's fund balance increased \$813,729 to \$4,251,431, from \$3,437,702 in fiscal year 2007, an increase of approximately 23.7 percent.

**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 Buckeye Local School 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 and what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Buckeye School District, the general fund by far is the most significant fund.

**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 fiscal year 2008?" The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include *all assets* and *liabilities* using the *accrual basis*

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of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes 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 District has only one kind of activity:

- **Governmental Activities** - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. Due to the continuing subsidies that go to the lunchroom fund from the general fund, the lunchroom operation is also being considered as governmental activities.

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

*Fund Financial Statements*

The analysis of the District's major funds begins on page 14. 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 financial statements focus on the District's most significant funds. The District's major governmental fund is the general 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 balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual*, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general governmental 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 difference) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The School District's fiduciary funds are private purpose trust and agency.



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**The District as a Whole**

Table 1 shows net assets for fiscal year 2008 as compared to fiscal year 2007.

**Table 1**

	2008	2007	Increase (Decrease)
	<u>Governmental Activities</u>	<u>Governmental Activities</u>	
<b>Assets:</b>			
Current and Other Assets	\$13,433,304	\$13,380,339	\$52,965
Capital Asset, Net of Accumulated Depreciation	<u>4,044,950</u>	<u>4,001,245</u>	<u>43,705</u>
<i>Total Assets</i>	<u>17,478,254</u>	<u>17,381,584</u>	<u>96,670</u>
<b>Liabilities:</b>			
Current Liabilities	8,005,725	8,735,634	(729,909)
Long-term Liabilities:			
Due within One Year	89,940	77,093	12,847
Due in More than One Year	<u>1,151,922</u>	<u>1,234,712</u>	<u>(82,790)</u>
<i>Total Liabilities</i>	<u>9,247,587</u>	<u>10,047,439</u>	<u>(799,852)</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Debt	3,834,950	3,746,245	88,705
Restricted	709,277	811,623	(102,346)
Unrestricted	<u>3,686,440</u>	<u>2,776,277</u>	<u>910,163</u>
<i>Total Net Assets</i>	<u><u>\$8,230,667</u></u>	<u><u>\$7,334,145</u></u>	<u><u>\$896,522</u></u>

Total assets increased by \$96,670. The increase can be attributed to an overall increase in cash and cash equivalents, resulting from an increase in intergovernmental revenue from the State of Ohio for the phase-out of personal property tax, as well as an increase in capital assets.

Total liabilities decreased by \$799,852. This decrease was due mostly to decreases in accrued wages and deferred revenue from fiscal year 2007. Principal owed on the energy conservation notes also decreased as a result of payments made on the debt.

By comparing assets and liabilities, one can see the overall position of the School District has improved as evidenced by the increase in net assets of \$896,522.

The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$18,345,770 or 86.1 percent of the total revenue. The most significant portion of the general revenue is intergovernmental receipts and local property tax. The remaining amount of revenue received was in the form of program revenues, which equaled \$2,963,507 or 13.9 percent of total revenue.

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**Table 2**  
Change in Net Assets  
Governmental Activities

	2008	2007	Increase (Decrease)
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services and Sales	\$1,917,220	\$1,659,433	\$257,787
Operating Grants and Contributions	1,029,805	1,203,565	(173,760)
Capital Grants and Contributions	16,482	205,086	(188,604)
<i>Total Program Revenues</i>	<u>2,963,507</u>	<u>3,068,084</u>	<u>(104,577)</u>
<b>General Revenues</b>			
Property Taxes	8,813,574	9,834,708	(1,021,134)
Intergovernmental	9,226,016	8,087,421	1,138,595
Investment Earnings	227,773	244,784	(17,011)
Miscellaneous	78,407	86,865	(8,458)
<i>Total General Revenues</i>	<u>18,345,770</u>	<u>18,253,778</u>	<u>91,992</u>
<i>Total Revenues</i>	<u>21,309,277</u>	<u>21,321,862</u>	<u>(12,585)</u>
<b>Program Expenses</b>			
Current:			
Instruction:			
Regular	10,421,503	9,994,681	426,822
Special	1,995,456	1,990,452	5,004
Vocational	270,609	371,125	(100,516)
Adult/Continuing	4,900	4,952	(52)
Support Services:			
Pupil	539,072	604,826	(65,754)
Instructional Staff	278,398	243,077	35,321
Board of Education	57,238	54,159	3,079
Administration	1,362,775	1,342,933	19,842
Fiscal	533,960	519,033	14,927
Business	75,920	76,190	(270)
Operation and Maintenance of Plant	1,901,464	1,939,564	(38,100)
Pupil Transportation	1,396,202	1,203,315	192,887
Central	40,361	32,778	7,583
Operation of Non-Instructional Services	7,965	2,958	5,007
Operation of Food Services	971,780	900,364	71,416
Extracurricular Activities	544,573	546,596	(2,023)
Interest and Fiscal Charges	10,579	14,659	(4,080)
<i>Total Program Expenses</i>	<u>20,412,755</u>	<u>19,841,662</u>	<u>571,093</u>
<i>Increase in Net Assets</i>	896,522	1,480,200	(583,678)
Net Assets Beginning of Year	7,334,145	5,853,945	1,480,200
<i>Net Assets End of Year</i>	<u>\$8,230,667</u>	<u>\$7,334,145</u>	<u>\$896,522</u>

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The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to voters to maintain a constant level of service. Property taxes made up 41.4 percent of governmental activities revenue for Buckeye Local School District in fiscal year 2008, a decrease of approximately 4.7 percent from fiscal year 2007. The decrease in tax revenue is the result of the phase-out of personal property taxes; however, the School District is being reimbursed for this loss in the form of distributions from the State during the "hold harmless" period.

**Governmental Activities**

Total net assets of the School District increased \$896,522 during fiscal year 2008. The governmental expenses of \$20,412,755 were offset by program revenues of \$2,963,507 and general revenues of \$18,345,770. Program revenues supported 13.9 percent of the total governmental activities expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 84.7 percent of total governmental revenue.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services.

**Table 3**  
Total and Net Cost of Program Services

	2008		2007	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Program Expenses</b>				
Instruction	\$12,692,468	\$10,938,638	\$12,361,210	\$10,743,389
Support Services:				
Pupil	539,072	539,072	604,826	604,826
Instructional Staff	278,398	242,071	243,077	174,361
Board of Education	57,238	52,020	54,159	19,959
Administration	1,362,775	1,362,775	1,342,933	1,342,933
Fiscal	533,960	533,960	519,033	519,033
Business	75,920	75,920	76,190	76,190
Operation and Maintenance of Plant	1,901,464	1,901,464	1,939,564	1,734,478
Pupil Transportation	1,396,202	1,390,612	1,203,315	1,203,115
Central	40,361	32,439	32,778	25,104
Operation of Non-Instructional Services	7,965	7,965	2,958	2,958
Food Service Operation	971,780	(34,322)	900,364	(85,251)
Extracurricular Activities	544,573	396,055	546,596	397,824
Interest and Fiscal Charges	10,579	10,579	14,659	14,659
<b>Total Expenditures</b>	<b>\$20,412,755</b>	<b>\$17,449,248</b>	<b>\$19,841,662</b>	<b>\$16,773,578</b>

**Buckeye Local School District**  
Ashtabula County

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*  
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The dependence upon general tax revenues for governmental activities is apparent. Over 69.4 percent of instruction activities are supported through property taxes alone. For all governmental activities, general revenue and prior year cash balance support all expenses as shown in the above table. The community, as a whole, is by far the primary support for Buckeye Local School District students.

***The District's Funds***

Information regarding the School District's major funds begins on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues, excluding other financing sources, of \$21,308,631 to offset expenditures of \$20,530,030. The net change in fund balance for the year was most significant in the general fund, which increased \$813,729. As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, intergovernmental revenue and property taxes are the largest revenue sources, accounting for more than 89 percent of total governmental revenue. Clearly, the community is the greatest source of financial support for the students of the Buckeye Local School District.

***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.

During the course of fiscal year 2008 the District amended its General Fund budget numerous times. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, actual revenue, including other financing sources, was \$18,963,300, which was \$680 less than the final budgeted revenue of \$18,963,980 and \$434,454 more than the original budget estimate of \$18,528,846. The actual and the final budgeted revenue amounts include revenue sources that were not anticipated at the beginning of the fiscal year, due to a conservative approach of estimating revenue used by the District.

Total actual expenditures, excluding other financing uses, were \$18,018,660, which was \$287,058 less than final budgeted expenditures of \$18,305,718 and \$242,781 less than original budgeted expenditures of \$18,261,441.

***Capital Assets and Debt Administration***

***Capital Assets***

At the end of fiscal year 2008, the School District had \$4,044,950 invested in land, buildings and improvements, furniture, fixtures and equipment, vehicles and textbooks.

**Buckeye Local School District**  
Ashtabula County

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Table 4 shows fiscal year 2008 balances compared to fiscal year 2007:

**Table 4**  
Capital Assets at June 30 (Net of Depreciation)

	<u>2008</u>	<u>2007</u>
Land	\$402,305	\$402,305
Buildings and Improvements	2,330,482	2,202,115
Furniture, Fixtures and Equipment	479,493	605,900
Vehicles	575,335	517,035
Textbooks	<u>257,335</u>	<u>273,890</u>
<i>Total</i>	<u>\$4,044,950</u>	<u>\$4,001,245</u>

All capital assets, except land, are reported net of depreciation. As one can see, the School District had an overall increase in capital assets of \$43,705. The increase is due to the current year asset additions, which included new school busses, other improvements and equipment, exceeding the annual depreciation expense of \$456,155. For more information about the School District's capital assets, see Note 9 to the basic financial statements.

***Set-Aside Requirements***

In fiscal year 1999, a change in Ohio law required school districts to set aside two percent of certain revenues for capital improvements and an additional two-percent for textbooks; this amount was increased to three percent beginning in fiscal year 2000. For fiscal year 2008, the set-aside requirement was \$354,364 for each set aside. During fiscal year 2008, the District spent more than the set-aside amount for textbooks and capital improvements.

***Debt***

At June 30, 2008, the School District had one energy conservation bond outstanding in the amount of \$210,000, as compared to \$255,000 at June 30, 2007. Of this total, \$50,000 is due within one year and \$160,000 is due in more than one year.

***Current Financial Related Activities***

Buckeye Local School District is strong financially. As the preceding information shows, the District heavily depends on its property taxpayers. With the passage of a 6.5 mill continuous operating levy and collection beginning in 2006, the District has been able to continue its education programs. However, financially the future is not without challenges.

While the District was successful in increasing its tax revenue base in 2000, this increase is a one-time increase. State law fixes the amount of this increase, forcing it to remain nearly constant. Thus management must diligently plan expenses, staying carefully within the District's five-year forecast.

With its major sources of revenue not keeping pace with expenditure increases, the District must seek additional tax revenues to continue current operations. However, the District cannot look to the State of Ohio for increased revenue.

**Buckeye Local School District**  
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On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations. Virtually, no additional state revenue will be available to Buckeye Local School District. Thus, both taxes and state revenue are fixed or declining.

HB 66 will eliminate personal property taxes with a hold harmless period of five years starting in calendar year 2006. In year six, the personal property tax reimbursements for the hold harmless amounts will be reduced for seven years to zero. The State of Ohio is proposing the replacement of these revenues by a new tax, the CAT tax. However, substantial information on the amounts that school districts will receive from the CAT tax has yet to be determined.

The scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In addition, the District's system of budgeting and internal controls is well regarded. All of the District's financial abilities will be needed to meet the challenges of the future.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, 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 Sherry Wentworth, Treasurer, at Buckeye Local School District, 3436 Edgewood Drive, Ashtabula, Ohio 44004.

**Buckeye Local School District**

Ashtabula County, Ohio

*Statement of Net Assets**June 30, 2008*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$4,507,111
Accrued Interest Receivable	3,002
Accounts Receivable	2,201
Intergovernmental Receivable	13,281
Property Taxes Receivable	8,763,728
Inventory Held for Resale	22,510
Materials and Supplies Inventory	73,231
Prepaid Items	48,240
Nondepreciable Capital Assets	402,305
Depreciable Capital Assets, Net	3,642,645
<i>Total Assets</i>	<u>17,478,254</u>
<b>Liabilities</b>	
Accounts Payable	38,596
Accrued Wages and Benefits Payable	1,489,410
Intergovernmental Payable	601,581
Matured Compensated Absences Payable	97,336
Deferred Revenue	5,066,915
Accrued Interest Payable	809
Claims Payable	711,078
Long-Term Liabilities:	
Due Within One Year	89,940
Due In More Than One Year	1,151,922
<i>Total Liabilities</i>	<u>9,247,587</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	3,834,950
Restricted for:	
Capital Projects	592,903
Uniform School Supplies	49,629
Public School Support	21,959
Other Purposes	44,786
Unrestricted	3,686,440
<i>Total Net Assets</i>	<u>\$8,230,667</u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
Ashtabula County, Ohio

*Statement of Activities*  
For the Fiscal Year Ended June 30, 2008

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Current:					
Instruction:					
Regular	\$10,421,503	\$1,113,646	\$117,517	\$16,482	(\$9,173,858)
Special	1,995,456	180,684	288,791	0	(1,525,981)
Vocational	270,609	28,478	0	0	(242,131)
Adult/Continuing	4,900	0	8,232	0	3,332
Support Services:					
Pupils	539,072	0	0	0	(539,072)
Instructional Staff	278,398	0	36,327	0	(242,071)
Board of Education	57,238	0	5,218	0	(52,020)
Administration	1,362,775	0	0	0	(1,362,775)
Fiscal	533,960	0	0	0	(533,960)
Business	75,920	0	0	0	(75,920)
Operation and Maintenance of Plant	1,901,464	0	0	0	(1,901,464)
Pupil Transportation	1,396,202	0	5,590	0	(1,390,612)
Central	40,361	0	7,922	0	(32,439)
Operation of Non-Instructional Services	7,965	0	0	0	(7,965)
Operation of Food Services	971,780	450,164	555,938	0	34,322
Extracurricular Activities	544,573	144,248	4,270	0	(396,055)
Interest and Fiscal Charges	10,579	0	0	0	(10,579)
<i>Total Governmental Activities</i>	<u>\$20,412,755</u>	<u>\$1,917,220</u>	<u>\$1,029,805</u>	<u>\$16,482</u>	<u>(17,449,248)</u>
<b>General Revenues</b>					
Property Taxes Levied for:					
					8,219,971
					55,753
					537,850
					9,226,016
					227,773
					78,407
					<u>18,345,770</u>
					896,522
					7,334,145
					<u>\$8,230,667</u>

See accompanying notes to the basic financial statements



**Buckeye Local School District**  
Ashtabula County, Ohio

*Balance Sheet*  
*Governmental Funds*  
*June 30, 2008*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$3,921,208	\$585,903	\$4,507,111
Accrued Interest Receivable	3,002	0	3,002
Accounts Receivable	1,074	1,127	2,201
Interfund Receivable	3,186	0	3,186
Intergovernmental Receivable	0	13,281	13,281
Property Taxes Receivable	8,207,105	556,623	8,763,728
Inventory Held for Resale	0	22,510	22,510
Materials and Supplies Inventory	70,007	3,224	73,231
Prepaid Items	48,240	0	48,240
<i>Total Assets</i>	<u>\$12,253,822</u>	<u>\$1,182,668</u>	<u>\$13,436,490</u>
<b>Liabilities</b>			
Accounts Payable	\$25,293	\$13,303	\$38,596
Accrued Wages and Benefits Payable	1,438,836	50,574	1,489,410
Intergovernmental Payable	580,773	20,808	601,581
Matured Compensated Absences Payable	97,084	252	97,336
Interfund Payable	0	3,186	3,186
Deferred Revenue	5,149,327	346,941	5,496,268
Claims Payable	711,078	0	711,078
<i>Total Liabilities</i>	<u>8,002,391</u>	<u>435,064</u>	<u>8,437,455</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	91,355	63,779	155,134
Reserved for Property Taxes	2,930,743	204,122	3,134,865
Unreserved:			
Undesignated, Reported in:			
General Fund	1,229,333	0	1,229,333
Special Revenue Funds	0	159,729	159,729
Capital Projects Funds	0	319,974	319,974
<i>Total Fund Balances</i>	<u>4,251,431</u>	<u>747,604</u>	<u>4,999,035</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$12,253,822</u>	<u>\$1,182,668</u>	<u>\$13,436,490</u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**

Ashtabula County, Ohio

*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
June 30, 2008*

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<b>Total Governmental Fund Balances</b>	<b>\$4,999,035</b>
 <b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,044,950
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. These deferrals are attributed to property taxes.	429,353
In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.	(809)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Energy Conservation Bonds	(210,000)
Compensated Absences	<u>(1,031,862)</u>
Total	<u>(1,241,862)</u>
<b><i>Net Assets of Governmental Activities</i></b>	<b><u><u>\$8,230,667</u></u></b>

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
Ashtabula County, Ohio

*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2008*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$8,220,119	\$592,809	\$8,812,928
Tuition and Fees	1,267,171	51,063	1,318,234
Interest	220,168	7,605	227,773
Charges for Services	0	450,164	450,164
Extracurricular Activities	0	144,248	144,248
Rentals	4,574	0	4,574
Contributions and Donations	0	23,677	23,677
Intergovernmental	9,052,532	1,196,094	10,248,626
Miscellaneous	48,461	29,946	78,407
<i>Total Revenues</i>	<u>18,813,025</u>	<u>2,495,606</u>	<u>21,308,631</u>
<b>Expenditures</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	9,977,658	259,265	10,236,923
Special	1,712,631	301,904	2,014,535
Vocational	266,820	0	266,820
Adult/Continuing	0	4,900	4,900
<b>Support Services:</b>			
Pupils	517,367	0	517,367
Instructional Staff	225,681	44,042	269,723
Board of Education	40,977	16,261	57,238
Administration	1,361,117	0	1,361,117
Fiscal	520,319	10,000	530,319
Business	79,459	0	79,459
Operation and Maintenance of Plant	1,821,382	0	1,821,382
Pupil Transportation	1,023,195	261,951	1,285,146
Central	28,358	8,597	36,955
Operation of Non-Instructional Services	7,965	0	7,965
Operation of Food Services	0	960,276	960,276
Extracurricular Activities	356,999	183,372	540,371
Capital Outlay	62,821	420,960	483,781
<b>Debt Service:</b>			
Principal Retirement	0	45,000	45,000
Interest and Fiscal Charges	0	10,753	10,753
<i>Total Expenditures</i>	<u>18,002,749</u>	<u>2,527,281</u>	<u>20,530,030</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	810,276	(31,675)	778,601
<b>Other Financing Sources</b>			
Proceeds from Sale of Capital Assets	3,453	0	3,453
<i>Net Change in Fund Balances</i>	813,729	(31,675)	782,054
<i>Fund Balances Beginning of Year</i>	3,437,702	779,279	4,216,981
<i>Fund Balances End of Year</i>	<u>\$4,251,431</u>	<u>\$747,604</u>	<u>\$4,999,035</u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**

Ashtabula 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*

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<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$782,054</b>
<b><i>Amounts reported for governmental activities in the statement of activities are different because</i></b>		
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 outlay exceeded depreciation in the current period.		
Capital Outlay	509,693	
Current Year Depreciation	<u>(456,155)</u>	
Total		53,538
The net effect of various transactions involving capital assets (i.e.; disposals, sales and donations) is a reduction in net assets.		
Assets Disposed	(149,984)	
Accumulated Depreciation on Disposals	<u>140,151</u>	
Total		(9,833)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues were attributed to property taxes.		
		646
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		45,000
Some expenses reported in the statement of activities, such as accrued interest on bonds, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		174
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.		
		<u>24,943</u>
<i>Change in Net Assets of Governmental Activities</i>		<u><u>\$896,522</u></u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
Ashtabula County, Ohio

*Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$7,873,594	\$8,292,100	\$8,292,100	\$0
Tuition and Fees	1,203,285	1,267,243	1,267,243	0
Interest	218,956	230,594	230,594	0
Rentals	3,978	4,189	4,189	0
Intergovernmental	8,595,646	9,052,532	9,052,532	0
Miscellaneous	41,208	51,081	46,948	(4,133)
<i>Total Revenues</i>	<u>17,936,667</u>	<u>18,897,739</u>	<u>18,893,606</u>	<u>(4,133)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	10,108,783	10,110,105	9,968,546	141,559
Special	1,690,405	1,699,272	1,699,139	133
Vocational	326,773	328,487	319,388	9,099
Support Services:				
Pupils	546,320	549,184	544,567	4,617
Instructional Staff	195,249	196,259	169,017	27,242
Board of Education	35,135	35,318	28,139	7,179
Administration	1,395,361	1,402,619	1,394,156	8,463
Fiscal	510,971	513,650	513,650	0
Business	78,750	79,161	79,161	0
Operation and Maintenance of Plant	1,847,634	1,857,303	1,821,294	36,009
Pupil Transportation	1,033,098	1,038,514	1,031,060	7,454
Central	30,521	30,678	29,563	1,115
Operation of Non-Instructional Services	1,234	1,240	1,240	0
Extracurricular Activities	397,777	400,165	356,919	43,246
Capital Outlay	63,430	63,763	62,821	942
<i>Total Expenditures</i>	<u>18,261,441</u>	<u>18,305,718</u>	<u>18,018,660</u>	<u>287,058</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	<u>(324,774)</u>	<u>592,021</u>	<u>874,946</u>	<u>282,925</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	0	0	3,453	3,453
Advances In	66,241	66,241	66,241	0
Advances Out	(3,186)	(3,186)	(3,186)	0
Transfers In	525,938	0	0	0
Transfers Out	(1,237,016)	(711,078)	0	711,078
<i>Total Other Financing Sources (Uses)</i>	<u>(648,023)</u>	<u>(648,023)</u>	<u>66,508</u>	<u>714,531</u>
<i>Net Change in Fund Balance</i>	<u>(972,797)</u>	<u>(56,002)</u>	<u>941,454</u>	<u>997,456</u>
<i>Fund Balance Beginning of Year</i>	<u>2,787,361</u>	<u>2,787,361</u>	<u>2,787,361</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>92,712</u>	<u>92,712</u>	<u>92,712</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,907,276</u>	<u>\$2,824,071</u>	<u>\$3,821,527</u>	<u>\$997,456</u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
Ashtabula County, Ohio

*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*June 30, 2008*

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	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$33,073	<u>\$49,741</u>
<b>Liabilities</b>		
Due to Students	<u>0</u>	<u>\$49,741</u>
<b>Net Assets</b>		
Held in Trust for Scholarships	<u>\$33,073</u>	

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
Ashtabula County, Ohio

*Statement of Changes in Fiduciary Net Assets*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2008*

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	<u>Scholarship</u>
<b>Additions</b>	
Interest	\$1,326
<b>Deductions</b>	
Scholarships Awarded	<u>1,250</u>
<i>Change in Net Assets</i>	76
<i>Net Assets Beginning of Year</i>	<u>32,997</u>
<i>Net Assets End of Year</i>	<u><u>\$33,073</u></u>

See accompanying notes to the basic financial statements

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**Buckeye Local School District**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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**Note 1 – Description of the School District and Reporting Entity**

The District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local district as defined by Section 3311 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of October 1, 2008 was 2,221. The District employed 129 certified employees and 88 non-certificated employees. The District is supervised by the Ashtabula County Educational Service Center, a separate entity.

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

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

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

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

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

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

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

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

**Buckeye Local School District**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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**Note 2 – Summary of Significant Accounting Policies**

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

**A. Fund Accounting**

The School 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 School District has no 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 is the School District's only major governmental fund:

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

The other governmental funds of the School District account for grants and other resources whose uses are restricted to a particular purpose.

**Fiduciary Fund Types** Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust, investment trust, private-purpose trust 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 fund 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 only agency fund is a student activities fund, which accounts for student activities for students.

**B. Basis of Presentation**

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities and fund financial statements which provide a more detailed level of financial information.

**Government-wide Financial Statements** The statement of net assets and 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.

**Buckeye Local School District**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. 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 charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

**Fund Financial Statements** During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

The private purpose trust fund is reported using the economic resources measurement focus.

**C. 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 and the statements for the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On 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, fees and rentals.

**Buckeye Local School District**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**Expenses/Expenditures** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

***D. Budget and Budgetary Accounting***

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

**Tax Budget** A tax budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20th of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at its regular board meeting in January. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

**Estimated Resources** The County Budget Commission certifies its actions to the District by March 1st. As part of this certification, the District receives the Official Certificate of Estimated Resources, which states the projected receipts of each fund. During the month of July, this certificate is amended to include any unencumbered balances from the preceding fiscal year.

**Appropriations** An annual appropriation measure must be passed by the Board of Education by October 1st of each year for the period July 1st to June 30th. Unencumbered appropriations lapse at year-end and the encumbered balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Board of Education usually adopts temporary appropriations at its regular board meeting in June. The Annual Appropriation Resolution is usually adopted at the September regular board meeting. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the object level.

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

**Buckeye Local School District**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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

***E. Cash and Investments***

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

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

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2008.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. For the District, all investment earnings accrue to the General Fund, the Special Trust special revenue fund, the Capital Projects Reserve capital projects fund and the Private-Purpose Trust Fund, as authorized by board resolution. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$220,168, which includes \$15,589 assigned from other District funds.

***F. Inventories***

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

***G. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

***H. Capital Assets***

The School District's only capital assets are classified as general capital assets. These 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.

**Buckeye Local School District**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand five hundred dollars. The School District does not possess any infrastructure. 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.

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	30 - 50 years
Furniture	20 years
Equipment	10 - 20years
Fixtures	15 years
Vehicles	10 years

***I. Interfund Balances***

On the fund financial statements, receivables and payables resulting short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental columns of the statement of net assets.

***J. 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 from them are not presented on the financial statements.

***K. Compensated Absences***

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

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

**Buckeye Local School District**  
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*Notes to the Basic Financial Statements*  
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On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund or funds from which the employees who have accumulated the leave are paid.

***L. 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 are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due.

***M. 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 appropriations or expenditures. 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 and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

***N. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists 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 enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports restricted net assets of \$709,277, none of which is restricted by enabling legislation. Net assets restricted for other purposes include operation of instructional services, food service operations and extracurricular activities.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The net assets held in trust for scholarships signify the legal restrictions on the use of principal.

**Buckeye Local School District**  
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*Notes to the Basic Financial Statements*  
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**O. 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.

**P. Estimates**

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

**Note 3 – Change in Accounting Principles**

For fiscal year 2008, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues”, and GASB Statement No. 50, “Pension Disclosures”.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

**Note 4 – Fund Deficits**

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

<u>Nonmajor Governmental Funds:</u>	<u>Deficit</u>
Management Information Systems	\$1,199
Poverty Based Assistance	286
Title I	11,321

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficit fund balances are the result of adjustments for accrued liabilities.



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**Note 5 – Budgetary Basis of Accounting**

While the School District is reporting its 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, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual 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 GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for (GAAP basis).
4. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund:

Net Change in Fund Balance	
GAAP Basis	\$813,729
Net Adjustment for Revenue Accruals	80,581
Advances In	66,241
Advances Out	(3,186)
Net Adjustment for Expenditure Accruals	82,270
Adjustment for Encumbrances	<u>(98,181)</u>
Budget Basis	<u><u>\$941,454</u></u>

**Note 6 – Deposits and Investments**

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

**Buckeye Local School District**  
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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 that 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 held by the School District can 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;
4. Bonds and other obligations of the State of Ohio or Ohio local government;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio);
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

### **Deposits**

***Custodial Credit Risk*** Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At June 30<sup>th</sup>, the carrying amount of all School District deposits was \$438,611, while \$309,055 of the School District's bank balance of \$509,055 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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The School District has no deposit policy for custodial risk beyond the requirement of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred give percent of the deposited being secured.

**Investments**

As of June 30, 2008, the School District had the following investments. All investments are in an internal investment pool.

	Fair Value	Maturity
Non-catergorized Investments:		
Government & Government Agency		
STAR Ohio	4,151,314	Six Months or Less
Total Investments	\$4,151,314	

*Interest Rate Risk* The School District has no investment policy that addresses the interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

*Credit Risk* STAR Ohio carries a rating of AAAM by Standard & Pool's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

*Custodial Credit Risk* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School 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 School 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 School District places no limit on the account it may invest in any one issuer. The following is the School District's allocation as of June 30, 2008:

Investments	Percentage of Investments
STAR Ohio	100.00%

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*Notes to the Basic Financial Statements*  
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**Reconciliation of Cash and Investment to the Statement of Net Assets**

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

<u>Cash and Investments per Note Disclosure</u>	
Carrying amount of deposits	\$438,611
Investments	4,151,314
Total	<u>\$4,589,925</u>
 <u>Cash and Investments per Statement of Net Assets</u>	
Governmental activities	\$4,507,111
Private-purpose trust funds	33,073
Agency funds	49,741
Total	<u>\$4,589,925</u>

**Note 7 – Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 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 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 tax) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value listed as of December 31, 2007. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This 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 School District prior to June 30.

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The School District receives property taxes from Ashtabula County. The County Auditor periodically advances to the School 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 the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 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 deferred revenue.

The amount available as an advance at June 30, 2008 was \$2,930,743 in the general fund and \$204,122 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2007, was \$3,129,759 in the general fund and \$215,099 in the permanent improvement capital projects 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	
	Amount	Percent	Amount	Percent
Real Estate	\$240,989,500	72.9%	\$244,128,700	78.7%
Public Utility Personal	29,529,810	8.9%	24,264,200	7.8%
General Business Personal	60,238,050	18.2%	41,878,090	13.5%
	\$330,757,360	100.0%	\$310,270,990	100.0%
Tax Rate per \$1,000 of assessed valuation	\$45.31		\$45.31	

**Note 8 – Receivables**

Receivables at June 30, 2008 consisted of accrued interest, accounts, taxes and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of Federal funds.

A summary of the principal items of intergovernmental receivables follows:

Non-major Governmental Funds:	
Title I Grant	\$10,923
Title V Grant	2,358
Total Intergovernmental Receivable	\$13,281

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**Note 9 – Capital Assets**

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

	Balance 7/1/2007	Additions	Deletions	Balance 6/30/2008
<b>Governmental Activities</b>				
<b>Capital Assets, not being depreciated:</b>				
Land	\$402,305	\$0	\$0	\$402,305
<b>Capital Assets, being depreciated:</b>				
Buildings and Improvements	6,606,436	220,849	0	6,827,285
Furniture, Equipment and Fixtures	2,750,891	120,615	(16,046)	2,855,460
Vehicles	1,577,850	168,229	(133,938)	1,612,141
Textbooks	417,725	0	0	417,725
<b>Total Capital Assets, being depreciated</b>	<b>11,352,902</b>	<b>509,693</b>	<b>(149,984)</b>	<b>11,712,611</b>
Less Accumulated Depreciation:				
Building and Improvements	(4,404,321)	(92,482)	0	(4,496,803)
Furniture, Equipment and Fixtures	(2,144,991)	(245,440)	14,464	(2,375,967)
Vehicles	(1,060,815)	(101,678)	125,687	(1,036,806)
Textbooks	(143,835)	(16,555)	0	(160,390)
<b>Total Accumulated Depreciation</b>	<b>(7,753,962)</b>	<b>(456,155)</b>	<b>140,151</b>	<b>(8,069,966)</b>
<b>Total Capital Assets being depreciated, net</b>	<b>3,598,940</b>	<b>53,538</b>	<b>(9,833)</b>	<b>3,642,645</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$4,001,245</b>	<b>\$53,538</b>	<b>(\$9,833)</b>	<b>\$4,044,950</b>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$204,836
Vocational	3,789
Support Services:	
Pupil	2,622
Instructional Staff	7,904
Administration	2,583
Operation and Maintenance of Plant	73,623
Pupil Transportation	137,285
Central	3,406
Operation of Food Services	15,905
Extracurricular Activities	4,202
<b>Total Depreciation Expense</b>	<b>\$456,155</b>

**Buckeye Local School District**  
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**Note 10 – Interfund Receivable/Payable**

The interfund receivable/payable consisted of the following at June 30, 2008, as reported on the fund financial statements:

	Interfund Receivable	Interfund Payable
Major Governmental Fund:		
General	\$3,186	\$0
Non-major Governmental Funds:		
Title I	0	507
Title VI	0	2,679
	\$3,186	\$3,186

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

**Note 11 – Compensated Absences**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (11 and 12 month) are eligible for vacation time. The number of days granted are determined upon length of service. For fiscal year 2008, the superintendent was granted twenty days of vacation. Effective January 10, 2006 the treasurer was granted fifteen days of vacation prorated annually at a use or lose basis.

Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Any vacation time which is unused as of the employee’s anniversary date is expired and not available for use in a subsequent year unless approved by the superintendent. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

The classified personnel accumulate vacation based on the following schedule:

Years of Service	Vacation Weeks
1-8	2
9-13	3
14-beyond	4

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis; certified employees, 295 days and classified employees, 285 days.

For all employees, retirement severance is paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement if the employee has been employed by the District for a minimum of ten consecutive years at the time of retirement for certified personnel and a minimum of five consecutive years for classified personnel. Any employee receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-fourth of all accumulated sick leave credited to that employee up to 75 days for classified employees and for certified employees there is no max.

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**Note 12 – Defined Benefit Pension Plans**

***A. School Employees Retirement System***

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per 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 can be obtained by contacting the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

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 School 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, up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006 were \$205,790, \$236,467, and \$237,076, respectively; 40.4 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

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

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency wholly controlled, managed and supported in whole, or in part, by the State or any political subdivision thereof.

Plan Options - New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit”, the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio



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service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying one percent of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or other Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by three percent of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A Defined Benefit 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 members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

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Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. 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.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2008, were 10 percent of covered payroll for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006, were \$1,050,026, \$1,015,085, and \$1,029,411, respectively; 82.5 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 \$1,102 made by the School District and \$9,400 made by the plan members.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2007 *Comprehensive Annual Financial Report* were available after December 26, 2007.

Additional information or copies of STRS Ohio's 2007 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling toll free 1-888-227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

**Note 13 – Postemployment Benefits**

***A. School Employees Retirement System***

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2008, employer contributions to fund health care benefits were 4.84 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established as \$35,800. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 2008 fiscal year equaled \$130,945.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate provides for maintenance of the asset target level for the health care fund. Health care benefits are financed on a pay as you go basis. Net health care costs for the year ending June 30, 2007 (the latest information available), were \$158,651,207. The number of participants eligible to receive benefits was 59,492. The target level for the health care fund is 150 percent of the projected claims less premium contributions for the next fiscal year. At June 30, 2007 the value of the health care fund was \$295.6 million, which is about 221 percent of next year's projected net health care costs. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs.

**Buckeye Local School District**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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

STRS Ohio provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physician fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Revised Code (R.C.), the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. For the fiscal year ended June 30, 2008, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$80,771 for fiscal year 2008.

The R.C. grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14 percent of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year ended June 30, 2007 (the latest information available) the board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$4.1 billion on June 30, 2007.

For the fiscal year ended June 30, 2007, net health care costs paid by STRS Ohio were \$265,558,000. There were 122,934 eligible benefit recipients.

**Note 14 – Risk Management**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The School District has addressed these various types of risk by purchasing a comprehensive insurance policy through various commercial carriers.

Professional liability insurance is maintained in the amount of \$1,000,000 for single occurrence and \$3,000,000 in the aggregate.

The School District maintains fleet insurance in the amount of \$2,000,000 for any one accident or loss and \$3,000,000 in the aggregate and an additional \$1,000,000 in uninsured motorists' coverage. The School District maintains replacement cost insurance on buildings and contents in the amount of \$51,097,529; musical instruments, \$400,000; and, computers and electronic equipment, \$1,490,000.

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

**Buckeye Local School District**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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***B. Employee Medical Benefits***

The School District has contracted with the Ashtabula County Schools Council of Governments to provide employee medical/surgical, prescription drug, dental and vision benefits. The Ashtabula County Schools Council of Governments is organized under Chapter 167 of the Ohio Revised Code and is comprised of seven Ashtabula County school districts. Rates are set by the Ashtabula County Schools Council of Governments board of directors. The School District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. Ashtabula County Schools Council of Governments is a separate and independent entity governed by its own set of by-laws and constitution. All assets and liabilities are the responsibility of the Council of Governments. The program is operated as a full indemnity program with no financial liability (other than monthly premiums) or risk to the School District. The School District is not liable nor receives a cash balance of past claims upon departure from the pool.

***C. Workers' Compensation***

The District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), and insurance purchasing pool, which was established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School business Officials Workers' Compensation Group Rating Program (the Program) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool. The Executive Director of the OASBO, or his designee, serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the Program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniService, Inc. provides administrative, cost control and actuarial services to the GRP.

**Note 15 – Millennium Inorganic Corporation Tax Refund Escrow Fund**

In anticipation of a pollution control equipment tax refund to the Millennium Inorganic Corporation, the District has set aside, within the general fund, the estimated tax refund of \$711,078. The Corporation has paid these taxes since 1993; figures used in the calculation of the refund were provided by Millennium Inorganic Corporation. The District has refunded \$439,807 and an additional partial refund is expected to occur within the next year.

**Buckeye Local School District**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

**Note 16 – Long-Term Obligations**

A summary of changes in long-term obligations for the year ended June 30, 2008, are as follows:

	Principal Outstanding 7/1/2007	Additions	Reductions	Principal Outstanding 6/30/2008	Amounts Due in One Year
<b>Governmental Activities</b>					
2003 Energy Conservation Bonds	\$255,000	\$0	(\$45,000)	\$210,000	\$50,000
Compensated Absences	1,056,805	7,150	(32,093)	1,031,862	39,940
Total Long-Term Liabilities	<u>\$1,311,805</u>	<u>\$7,150</u>	<u>(\$77,093)</u>	<u>\$1,241,862</u>	<u>\$89,940</u>

**2003 Energy Conservation Bonds** The District issued Energy Conservation Bonds in the amount of \$463,415 on July 10, 2002. The bonds mature in December 2011 and have an average interest rate of 4.625 percent.

Compensated absences will be paid from the general fund and the food service and Title I special revenue funds.

The School District's overall legal debt margin was \$27,714,389 with an unvoted debt margin of \$310,271 at June 30, 2008.

Principal requirements to retire general obligation debt outstanding at June 30, 2008, are as follows:

Fiscal year Ending June 30,	2003 Energy Conservation Bonds	
	Principal	Interest
2009	\$50,000	\$8,556
2010	50,000	6,244
2011	55,000	3,816
2012	55,000	1,272
<i>Total</i>	<u>\$210,000</u>	<u>\$19,888</u>

**Note 17 – Jointly Governed Organizations and Related Organizations**

**Northeast Ohio Management Information Network (NEOMIN)** NEOMIN is a jointly governed organization among thirty one school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts support NEOMIN based upon a per pupil charge.

**Buckeye Local School District**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County districts, and a treasurer from each county. The District was represented on the Governing Board during fiscal year 2008. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained by contacting the Trumbull Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

***Kingsville Public Library*** The Kingsville Public Library (the Library) is a district political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on the behalf of the Library, its role is limited to a ministerial function. The determination to request approval of tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Kingsville Public Library, Carole L. Vanek, Clerk/Treasurer, at 6006 Academy Street, Kingsville, Ohio 44048.

***Northeast Ohio Special Education Regional Resources Center (NEO/SERRC)*** NEO/SERRC is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for the children with disabilities and their parents.

NEO/SERRC is governed by a governing board of 39 members made up of representatives from 35 superintendents of the participating districts, one non-public school, one county board of mental retardation and two parents whose terms rotate each year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, 100 DeBartolo Place, Youngstown, Ohio 44512.

***Ashtabula County Joint Vocational School District*** The Ashtabula County Joint Vocational School District (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The JVS is operated under the direction of a Board consisting of one representative from each of the participating School Districts' elected boards. The degree of control exercised by the School District is limited to its representation on the Board. The Board is its own budgeting and taxing authority. The School District did not make any contributions in fiscal year 2008. Financial information can be obtained from MaryAnn Wayman, Treasurer at Ashtabula County Joint Vocational School District, 1565 State Route 167, Jefferson, Ohio 44047.

**Note 18 – Contingencies**

***A. Grants***

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2008.

**Buckeye Local School District**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

**B. Litigation**

The District is not party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2008.

**Note 19 – Set Asides**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

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

	Textbooks	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2007	\$75,398	\$0
Current Year Set-Aside Requirement	354,364	354,364
Qualifying Disbursements	(370,965)	(1,019,356)
Current year offsets	(75,000)	(512,565)
Total	(\$16,203)	(\$1,177,557)
Set-Aside Balance Carried Forward to		
Future Fiscal Years	(\$16,203)	\$0
Cash balance as of June 30, 2008	\$0	\$0

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

**Note 20 – Insurance Purchasing Pool**

The District participates in a group-rating program for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Program (the Program) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

The Executive Director of the OASBO, or his designee, serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the Program.

**Buckeye Local School District**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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**Note 21 – New Accounting Standards**

In August of 2004, the GASB issued Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions”, which addresses how state and local governments should account for and report their costs and obligations related to postemployment health care and other non-pension benefits, or OPEB. Statement No. 45 also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. Statement No. 45 will not be effective for the District until fiscal year 2009 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

In November 2006, the GASB issued Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations.” This Statement is to establish accounting and financial reporting standards for pollution remediation obligations. Statement No. 49 will not be effective for the District until fiscal year 2009 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

In June of 2007, the GASB issued Statement No. 51, “Accounting and Financial Reporting for Intangible Assets.” This Statement requires that all intangible assets, which include easements, water rights, timber rights, patents, trademarks, and computer software, be classified as capital assets. Statement No. 51 will not be effective for the District until fiscal year 2010 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

In March of 2007, the GASB issued Statement No. 52, “Land and Other Real Estate Held as Investments by Endowments.” This Statement establishes standards for accounting and financial reporting for land and other real estate held as investments by endowments. Endowments include permanent and term endowments, and permanent funds. This Statement does not apply to lands granted by the Federal government in connection with a state being admitted to the United States. It also does not apply to quasi-endowments. This Statement applies to all state and local governments. Statement No. 52 will not be effective for the District until fiscal year 2009 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

In November of 2007, the GASB issued Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments.” This Statement establishes accounting and financial reporting standards for all state and local governments that enter into derivative instruments as defined in this Statement. Statement No. 53 will not be effective for the District until fiscal year 2011 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.



**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2008**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through The Ohio Department of Education:</i>						
Food Distribution Program	n/a	10.550	-	\$ 55,123	-	\$ 55,123
<i>Nutrition Cluster:</i>						
School Breakfast Program	05-PU-2008	10.553	\$ 89,473	-	\$ 89,473	-
National School Lunch Program	LL-P4-2008	10.555	369,956	-	369,956	-
Total -- Nutrition Cluster			459,429	-	459,429	-
Fresh Fruit and Vegetable Program	n/a	10.582	33,466	-	33,466	-
Total U.S. Department of Agriculture			492,895	55,123	492,895	55,123
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through The Ohio Department of Education:</i>						
Grants to Local Educational Agencies Title I School Subsidy	C1-S1-2007 C1-S1-2008 C1-SD-2007 C1-SD-2008	84.010	34,783 235,308 9,769 18,155	- - - -	31,845 230,965 7,236 18,323	- - - -
Total -- Title I School Subsidy			298,015	-	288,369	-
Safe and Drug Free Schools Grant	DR-S1-2006 DR-S1-2007	84.186	3,374 1,819	- -	- 1,819	- -
Total - Safe and Drug Free Schools			5,193	-	1,819	-
Title V, Part A -- Innovative Educational Program Strategies	C2-S1-2007 C2-S1-2008	84.298	2,625 321	- -	2,625 -	- -
Total - Title V Part A			2,946	-	2,625	-
Title II-D -- Technology Literacy Challenge Fund Grants	TJ-S1-2006 TJ-S1-2007	84.318	4,838 247	- -	- -	- -
Total - Title II - D			5,085	-	-	-
Title III - Part A	n/a	84.365	1,160	-	-	-
Title II, Part A -- Improving Teacher Quality	TR-S1-2007 TR-S1-2008	84.367	29,799 102,657	- -	14,562 96,781	- -
Total - Title II Part A			132,456	-	111,343	-
Total -- U.S. Department of Education			444,855	-	404,156	-
Totals			<u>\$ 937,750</u>	<u>\$ 55,123</u>	<u>\$ 897,051</u>	<u>\$ 55,123</u>

*The accompanying notes to this schedule are an integral part of this schedule.*

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) is a summary of activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B- FOOD DISTRIBUTION**

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

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

**NOTE C - MATCHING REQUIREMENTS**

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Buckeye Local School District  
Ashtabula County  
3436 Edgewood Drive  
Ashtabula, Ohio 44004

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Local School District, Ashtabula County, (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 16, 2009. 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*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the 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 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 the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement

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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated January 16, 2009.

We intend this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

January 16, 2009



# Mary Taylor, CPA

Auditor of State

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

Buckeye Local School District  
Ashtabula County  
3436 Edgewood Drive  
Ashtabula, Ohio 44004

To the Board of Education:

### Compliance

We have audited the compliance of Buckeye Local School District, Ashtabula County (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Buckeye Local School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2008.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, The Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

January 16, 2009

BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
JUNE 30, 2008

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title One – CFDA #84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None







**Mary Taylor, CPA**  
Auditor of State

**BUCKEYE LOCAL SCHOOL DISTRICT**  
**ASHTABULA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**FEBRUARY 5, 2009**