

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

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

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2011***

NANCY ACKERMAN, TREASURER



Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Buckeye Central Local School District, Crawford County, prepared by Julian & Grube, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 5, 2012

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

BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Accountants' Report

Buckeye Central Local School District
938 S. Kibler Street
New Washington, Ohio 44854

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 the Buckeye Central Local School District, Crawford County, Ohio, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Buckeye Central Local School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Buckeye Central Local School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Buckeye Central Local School District, as of June 30, 2011, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.


As described in Note 3, during the fiscal year ended June 30, 2011, the Buckeye Central Local School District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011 on our consideration of the Buckeye Central Local School 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.

Independent Accountants' Report
Buckeye Central Local School District
Page Two

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Buckeye Central Local School District's basic financial statements taken as a whole. The schedule of receipts and expenditures of federal awards provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of receipts and expenditures of federal awards is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Julian & Grube, Inc.
November 30, 2011

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The management's discussion and analysis of the Buckeye Central Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- In total, net assets of governmental activities decreased \$202,306 which represents a 1.00% decrease from 2010.
- General revenues accounted for \$8,123,197 in revenue or 79.51% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,093,769 or 20.49% of total revenues of \$10,216,966.
- The District had \$10,155,373 in expenses related to governmental activities; \$2,093,769 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,123,197 were adequate to provide for these programs.
- The District's three major governmental funds are the general fund, bond retirement and classroom facilities fund. The general fund had \$8,053,646 in revenues, \$7,713,928 in expenditures and other financing uses. During fiscal year 2011, the general fund's fund balance increased \$339,718 from a restated balance of \$2,560,294 to \$2,900,012.
- The bond retirement fund had \$710,542 in revenues and \$545,193 in expenditures. During fiscal year 2011, the bond retirement fund's fund balance increased by \$165,349 to a balance of \$692,771.
- The classroom facilities fund had \$1,777 in revenues and \$397,781 in expenditures and a special item. During fiscal year 2011, the classrooms facilities fund's fund balance decreased by \$396,004 to a balance of \$1,613,094 due to the demolition costs related to sale of the District's old building and construction expenditures for the District's new facilities.

Using these Basic Financial Statements

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 2011?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The District's statement of net assets and statement of activities can be found on pages 14-15 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 10. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's three major governmental funds are the general fund, bond retirement fund and classroom facilities fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 16-20 of this report.

Fiduciary Funds

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 21 and 22. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-51 of this report.

The District as a Whole

The statement of net assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2011 and 2010.

	Net Assets	
	Governmental Activities 2011	Governmental Activities 2010
<u>Assets</u>		
Current and other assets	\$ 8,709,409	\$ 8,886,578
Capital assets, net	22,959,082	23,554,518
Total assets	31,668,491	32,441,096
<u>Liabilities</u>		
Current liabilities	2,575,390	2,864,448
Long-term liabilities	9,123,939	9,405,180
Total liabilities	11,699,329	12,269,628
<u>Net Assets</u>		
Invested in capital assets, net of related debt	14,960,841	16,014,479
Restricted	2,766,872	2,370,032
Unrestricted	2,241,449	1,786,957
Total net assets	\$ 19,969,162	\$ 20,171,468

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$19,969,162. Of this total, \$2,241,449 is unrestricted in use.

At year-end, capital assets represented 72.50% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2011, were \$14,960,841. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

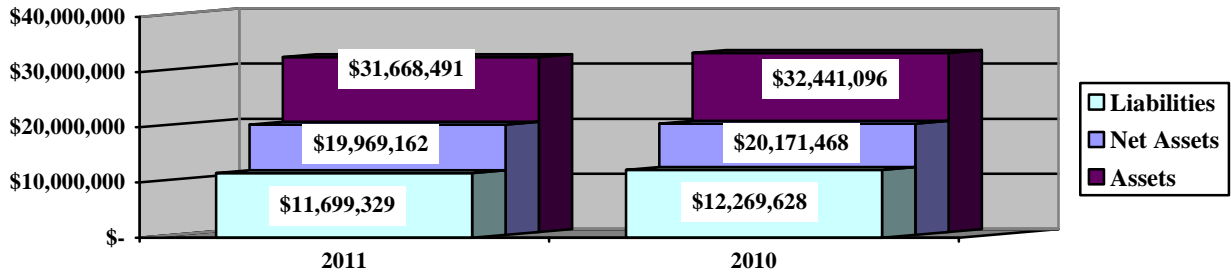
A portion of the District's net assets, \$2,766,872, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$2,241,449 may be used to meet the District's ongoing obligations to the students and creditors.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The graph below illustrates the District's assets, liabilities and net assets at June 30, 2011:

Governmental Activities



The table below shows the change in net assets for fiscal year 2011 and 2010.

	<u>Change in Net Assets</u>	
	<u>Governmental Activities 2011</u>	<u>Governmental Activities 2010</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 507,608	\$ 559,896
Operating grants and contributions	1,586,161	1,065,748
General revenues:		
Property taxes	2,409,101	2,821,725
School district income tax	1,473,363	910,176
Grants and entitlements	4,224,198	4,614,078
Investment earnings	12,578	39,712
Miscellaneous	3,957	1,849
Total revenues	<u>10,216,966</u>	<u>10,013,184</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Change in Net Assets	
	Governmental Activities 2011	Governmental Activities 2010
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 4,911,478	\$ 5,726,747
Special	983,975	937,678
Vocational	154,782	135,328
Other	1,307	6,775
Support services:		
Pupil	218,646	225,933
Instructional staff	292,649	318,137
Board of education	19,204	23,247
Administration	759,125	1,002,732
Fiscal	292,169	330,285
Business	22,360	14,622
Operations and maintenance	511,066	713,117
Pupil transportation	569,673	653,794
Central	62,380	64,536
Operations of non-instructional services:		
Food service operations	331,275	351,268
Non-instructional services	86,955	176,985
Extracurricular activities	550,644	537,790
Interest and fiscal charges	387,685	392,684
 Total expenses	 10,155,373	 11,611,658
<u>Special items</u>		
Gain on sale of asset	57,915	-
Demolition costs	(321,814)	-
Total special items	(263,899)	
Change in net assets	(202,306)	(1,598,474)
Net assets at beginning of year	20,171,468	21,769,942
Net assets at end of year	\$ 19,969,162	\$ 20,171,468

Governmental Activities

Net assets of the District's governmental activities decreased \$202,306. Total governmental expenses of \$10,155,373, excluding the special items related to the sale of land and the demolition costs of the old building of \$263,899, were offset by program revenues of \$2,093,769 and general revenues of \$8,123,197. Program revenues supported 20.62% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from taxes, and grants and entitlements. These revenue sources represent 79.35% of total governmental revenue.

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

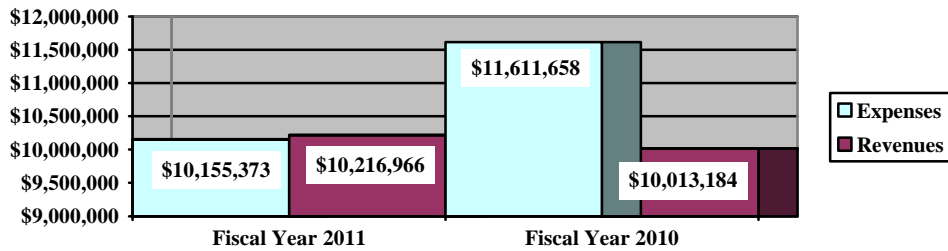
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,051,542 or 59.59% of total governmental expenses for fiscal year 2011.

The decrease in expenditures was due to the purchase of equipment, including technology upgrades for the new building that was under the District's capitalization threshold in the prior year.

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2011 and 2010.

Governmental Activities - Revenues and Expenses



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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

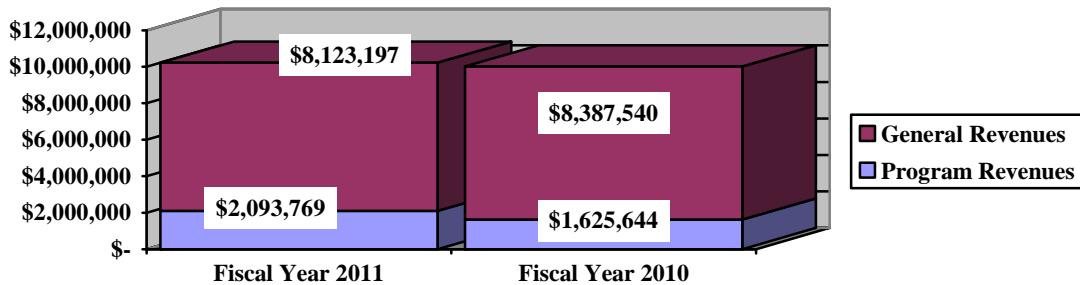
Governmental Activities

	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>
Program expenses				
Instruction:				
Regular	\$ 4,911,478	\$ 4,371,435	\$ 5,726,747	\$ 5,292,758
Special	983,975	321,635	937,678	630,153
Vocational	154,782	150,676	135,328	77,577
Other	1,307	1,307	6,775	6,187
Support services:				
Pupil	218,646	140,752	225,933	154,054
Instructional staff	292,649	134,637	318,137	210,480
Board of education	19,204	19,204	23,247	23,247
Administration	759,125	758,096	1,002,732	980,660
Fiscal	292,169	292,169	330,285	326,112
Business	22,360	22,360	14,622	14,622
Operations and maintenance	511,066	441,296	713,117	582,541
Pupil transportation	569,673	473,454	653,794	613,203
Central	62,380	57,380	64,536	59,536
Operations of non-instructional services:				
Food service operations	331,275	11,830	351,268	46,839
Non-instructional services	86,955	19,364	176,985	113,626
Extracurricular activities	550,644	458,324	537,790	461,735
Interest and fiscal charges	<u>387,685</u>	<u>387,685</u>	<u>392,684</u>	<u>392,684</u>
Total expenses	<u><u>\$ 10,155,373</u></u>	<u><u>\$ 8,061,604</u></u>	<u><u>\$ 11,611,658</u></u>	<u><u>\$ 9,986,014</u></u>

The dependence upon tax and other general revenues for governmental activities is apparent, 80.06% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 79.38%. The District's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2011 and 2010.

Governmental Activities - General and Program Revenues



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 16) reported a combined fund balance of \$5,742,245, which is higher than last year's total of \$5,551,821. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010. The District restated fund balances at June 30, 2010 as described in Note 3.B.

	Fund Balance <u>June 30,2011</u>	Restated Fund Balance <u>June 30,2010</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
General	\$ 2,900,012	\$ 2,560,294	\$ 339,718	13.27 %
Bond retirement	692,771	527,422	165,349	31.35 %
Classroom facilities	1,613,094	2,009,098	(396,004)	(19.71) %
Other governmental	<u>536,368</u>	<u>455,007</u>	<u>81,361</u>	17.88 %
Total	<u>\$ 5,742,245</u>	<u>\$ 5,551,821</u>	<u>\$ 190,424</u>	3.43 %

The District's general fund balance increased \$339,718.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2011 <u>Amount</u>	Restated 2010 <u>Amount</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 3,215,410	\$ 3,084,392	\$ 131,018	4.25 %
Earnings on investments	10,476	17,733	(7,257)	(40.92) %
Intergovernmental	4,546,867	4,602,033	(55,166)	(1.20) %
Other revenues	<u>280,893</u>	<u>289,352</u>	<u>(8,459)</u>	(2.92) %
Total	<u>\$ 8,053,646</u>	<u>\$ 7,993,510</u>	<u>\$ 60,136</u>	0.75 %
<u>Expenditures</u>				
Instruction	\$ 5,014,345	\$ 4,859,041	\$ 155,304	3.20 %
Support services	2,283,525	2,419,809	(136,284)	(5.63) %
Non-instructional services	11,803	37,084	(25,281)	(68.17) %
Extracurricular activities	305,658	295,759	9,899	3.35 %
Facilities acquisition and construction	-	17,472	(17,472)	(100.00) %
Capital outlay	-	111,488	(111,488)	(100.00) %
Debt service	<u>73,597</u>	<u>66,815</u>	<u>6,782</u>	10.15 %
Total	<u>\$ 7,688,928</u>	<u>\$ 7,807,468</u>	<u>\$ (118,540)</u>	(1.52) %

The most significant decrease was in the area of intergovernmental revenue. These revenues decreased \$55,166 from the prior year due to part of foundation revenue now received in State Fiscal Stabilization Funds (SFSF) in the nonmajor governmental funds as part of the American Recovery and Reinvestment Act. Earnings on investments decreased \$7,257 or 40.92%. The decrease in earnings on investments was due to the decrease in interest rates on the District's investments, as well as the total amount of investments.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Expenditures of the general fund decreased \$118,540 or 1.52% due to the District's efforts to control costs. Capital outlay was greater in fiscal year 2010 because the District entered into a new capital lease. The District did not have any new capital leases in fiscal year 2011.

Bond Retirement

The bond retirement fund had \$710,542 in revenues during fiscal year 2011. The bond retirement fund had \$545,193 in expenditures. During fiscal year 2011, the bond retirement fund's fund balance increased to a fund balance of \$692,771.

Classroom Facilities Fund

The classroom facilities fund had \$1,777 in revenues during fiscal year 2011. The classroom facilities fund had \$75,967 in facilities acquisition and construction expenditures and \$321,814 in demolition costs, which is considered a special item. During fiscal year 2011, the classroom facilities fund's fund balance decreased \$396,004 to a fund balance of \$1,613,094. This decrease is due to construction expenditures for the Ohio School Facilities Commission project, including demolition costs related to the old building.

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 2011, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$7,885,000 and final budgeted revenues and other financing sources were \$8,076,500. Actual revenues and other financing sources for fiscal year 2011, was \$8,100,888. This represents a \$24,388 increase over final budgeted revenues.

General fund original appropriations and other financing uses totaled \$8,155,873 and final appropriations and other financing uses totaled \$8,347,373. The actual budget basis expenditures and other financing uses for fiscal year 2011 totaled \$7,965,968, which is lower than the final budget appropriations by \$381,405.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the District had \$22,959,082 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2011 balances compared to 2010:

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

	Governmental Activities	
	2011	2010
Land	\$ 421,398	\$ 479,483
Land improvements	304,157	324,646
Building and improvements	21,904,096	22,478,140
Furniture and equipment	154,603	140,825
Vehicles	174,828	131,424
Total	\$ 22,959,082	\$ 23,554,518

The overall decrease in capital assets of \$595,436 is due to depreciation of \$658,360 exceeding capital outlays of \$121,009 and disposals of \$58,085.

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

Debt Administration

The following table summarizes the District's long term debt outstanding at June 30, 2011.

	Governmental Activities	
	2011	2010
Current interest bonds - Series 2007	\$ 7,855,000	\$ 8,060,000
Capital appreciation bonds - Series 2007	180,991	180,991
Accreted interest	114,472	80,598
Loans payable	409,878	433,880
Capital lease obligations	77,407	97,462
Total	\$ 8,637,748	\$ 8,852,931

At June 30, 2011, the District had \$8,637,748 in current interest bonds, capital appreciation bonds, accreted interest loans payable, and capital lease obligations. The general obligation bond issues are comprised of current issue bonds and capital appreciation bonds. Of this total, \$261,998 is due within one year and \$8,375,750 is due within greater than one year.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Current Financial Related Activities

Overall, the District is financially sound. However, the five-year forecast shows some financial concern in fiscal year 2015. The current economic conditions will have an effect not only on the district's income tax but also the property tax through new property values just released. The funding received from the state is also very questionable. The state is currently using federal stimulus dollars to balance the budget and to try and keep funding level. The challenge for the District is to continue to provide the resources necessary to meet student needs and be able to stay within the five-year forecast. The five-year forecast is utilized to effectively and efficiently manage the District's resources to the fullest.

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

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

The Board of Education passed a 6.3 mill bond levy in February 2007. The District will participate with the Ohio School Facilities Commission on this project with an 80% state share and 20% local share. The total co-funded share is \$21,284,160. The board also passed Locally Fund Initiative (LFI) dollars totaling \$3,874,288 making the total project cost \$25,158,448. The project was completed and the new facility opened for the 2009-2010 school year.

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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Ms. Nancy Ackerman, Buckeye Central Local School District, 938 S. Kibler Street, New Washington, Ohio 44854.

**BASIC
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents. . .	\$ 5,450,087
Receivables:	
Taxes	2,885,832
Accounts	1,725
Accrued interest	330
Intergovernmental	227,877
Prepayments	11,891
Materials and supplies inventory.	10,107
Unamortized bond issuance costs	121,560
Capital assets:	
Land.	421,398
Depreciable capital assets, net.	22,537,684
Capital assets, net	22,959,082
 Total assets.	 31,668,491
 Liabilities:	
Accounts payable.	43,994
Accrued wages and benefits	612,384
Pension obligation payable.	166,632
Intergovernmental payable	41,952
Unearned revenue	1,684,525
Accrued interest payable	25,903
Long-term liabilities:	
Due within one year.	298,527
Due in more than one year.	8,825,412
 Total liabilities	 11,699,329
 Net Assets:	
Invested in capital assets, net of related debt.	14,960,841
Restricted for:	
Capital projects	1,598,815
Classroom facilities maintenance	155,029
Debt service.	718,287
Federally funded programs	227,761
Student activities	13,562
Other purposes	53,418
Unrestricted	2,241,449
 Total net assets	 \$ 19,969,162

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
				<u>Governmental Activities</u>
Governmental activities:				
Instruction:				
Regular	\$ 4,814,903	\$ 242,956	\$ 297,087	\$ (4,274,860)
Special	968,506	26,632	635,708	(306,166)
Vocational	152,595	-	4,106	(148,489)
Other	1,185	-	-	(1,185)
Support services:				
Pupil	218,646	-	77,894	(140,752)
Instructional staff	287,232	-	158,012	(129,220)
Board of education	18,821	-	-	(18,821)
Administration	741,395	-	1,029	(740,366)
Fiscal	286,320	-	-	(286,320)
Business	22,298	-	-	(22,298)
Operations and maintenance	685,583	-	69,770	(615,813)
Pupil transportation	557,489	-	96,219	(461,270)
Central	61,296	-	5,000	(56,296)
Operation of non-instructional services:				
Food service operations	324,969	145,700	173,745	(5,524)
Other non-instructional services	84,052	-	67,591	(16,461)
Extracurricular activities	542,398	92,320	-	(450,078)
Interest and fiscal charges	387,685	-	-	(387,685)
Total governmental activities	\$ 10,155,373	\$ 507,608	\$ 1,586,161	(8,061,604)
		General Revenues:		
		Property taxes levied for:		
		General purposes	1,753,098	
		Debt service	617,055	
		Special revenue	38,948	
		School district income tax	1,473,363	
		Grants and entitlements not restricted		
		to specific programs	4,224,198	
		Investment earnings	12,578	
		Miscellaneous	3,957	
		Total general revenues	8,123,197	
		Special items:		
		Gain on sale of asset	57,915	
		Demolition costs	(321,814)	
		Total general revenues and special items	7,859,298	
		Change in net assets		(202,306)
		Net assets at beginning of year		20,171,468
		Net assets at end of year		\$ 19,969,162

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents.	\$ 2,811,930	\$ 532,341	\$ 1,613,094	\$ 492,722	\$ 5,450,087
Receivables:					
Taxes.	2,270,704	575,516	-	39,612	2,885,832
Accounts.	1,001	-	-	724	1,725
Accrued interest	330	-	-	-	330
Intergovernmental	-	-	-	227,877	227,877
Prepayments.	11,891	-	-	-	11,891
Materials and supplies inventory.	-	-	-	10,107	10,107
Total assets	\$ 5,095,856	\$ 1,107,857	\$ 1,613,094	\$ 771,042	\$ 8,587,849
Liabilities:					
Accounts payable	\$ 40,719	\$ -	\$ -	\$ 3,275	\$ 43,994
Accrued wages and benefits.	591,007	-	-	21,377	612,384
Compensated absences payable	21,670	-	-	-	21,670
Intergovernmental payable	40,408	-	-	1,544	41,952
Unearned revenue.	1,267,099	389,570	-	27,856	1,684,525
Deferred revenue	72,653	25,516	-	176,278	274,447
Pension obligation payable	162,288	-	-	4,344	166,632
Total liabilities.	2,195,844	415,086	-	234,674	2,845,604
Fund Balances:					
Nonspendable:					
Materials and supplies inventory.	-	-	-	10,107	10,107
Prepays.	11,891	-	-	-	11,891
Restricted:					
Debt service	-	692,771	-	-	692,771
Capital improvements	-	-	1,613,094	228,060	1,841,154
Classroom facilities maintenance	-	-	-	153,417	153,417
Food service operations	-	-	-	56,415	56,415
Non-public schools	-	-	-	21,731	21,731
Special education	-	-	-	37,677	37,677
Targeted academic assistance	-	-	-	15,191	15,191
Other purposes.	-	-	-	273	273
Extracurricular.	-	-	-	13,562	13,562
Committed:					
Underground storage.	10,000	-	-	-	10,000
Assigned:					
Student instruction	25,334	-	-	-	25,334
Student and staff support.	141,861	-	-	-	141,861
Extracurricular activities	736	-	-	-	736
School supplies.	961	-	-	-	961
Public school support.	8,511	-	-	-	8,511
Other purposes.	2,410	-	-	-	2,410
Unassigned (deficit).	2,698,308	-	-	(65)	2,698,243
Total fund balances	2,900,012	692,771	1,613,094	536,368	5,742,245
Total liabilities and fund balances	\$ 5,095,856	\$ 1,107,857	\$ 1,613,094	\$ 771,042	\$ 8,587,849

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011

Total governmental fund balances		\$ 5,742,245
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		22,959,082
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable	\$ 99,781	
Intergovernmental receivable	<u>174,666</u>	
		274,447
Total		
Unamortized bond issuance costs are not recognized in the funds		121,560
Unamortized premiums on bond issuance are not recognized in the funds.		(127,182)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(25,903)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable	(337,339)	
General obligation bonds payable	(8,150,463)	
Capital lease obligations	(77,407)	
Loans payable	<u>(409,878)</u>	
Total		<u>(8,975,087)</u>
Net assets of governmental activities		<u><u>\$ 19,969,162</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Bond Retirement</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Property taxes	\$ 1,742,047	\$ 612,721	\$ -	\$ 38,679	\$ 2,393,447
Income taxes	1,473,363	-	-	-	1,473,363
Tuition	208,711	-	-	-	208,711
Earnings on investments	10,476	-	1,289	1,056	12,821
Charges for services	-	-	-	145,532	145,532
Extracurricular	11,005	-	-	81,315	92,320
Classroom materials and fees	12,361	-	-	-	12,361
Rental income	175	-	-	-	175
Contributions and donations	300	-	-	-	300
Other local revenues	48,341	651	488	3,831	53,311
Intergovernmental - state	4,508,029	97,170	-	85,791	4,690,990
Intergovernmental - federal	38,838	-	-	930,248	969,086
Total revenues	<u>8,053,646</u>	<u>710,542</u>	<u>1,777</u>	<u>1,286,452</u>	<u>10,052,417</u>
Expenditures:					
Current:					
Instruction:					
Regular	4,157,574	-	-	122,137	4,279,711
Special	714,066	-	-	237,591	951,657
Vocational	141,520	-	-	-	141,520
Other	1,185	-	-	-	1,185
Support services:					
Pupil	142,648	-	-	73,045	215,693
Instructional staff	117,850	-	-	154,130	271,980
Board of education	15,024	-	-	-	15,024
Administration	731,153	-	-	1,114	732,267
Fiscal	273,266	15,070	-	951	289,287
Operations and maintenance	440,361	-	-	81,503	521,864
Pupil transportation	506,933	-	-	96,438	603,371
Central	56,290	-	-	5,006	61,296
Operation of non-instructional services:					
Food service operations	-	-	-	312,310	312,310
Operation of non-instructional	11,803	-	-	72,351	84,154
Extracurricular activities	305,658	-	-	77,930	383,588
Facilities acquisition and construction	-	-	75,967	111,585	187,552
Debt service:					
Principal retirement	44,057	205,000	-	-	249,057
Interest and fiscal charges	29,540	325,123	-	-	354,663
Total expenditures	<u>7,688,928</u>	<u>545,193</u>	<u>75,967</u>	<u>1,346,091</u>	<u>9,656,179</u>
Excess (deficiency) of revenues over (under) expenditures	<u>364,718</u>	<u>165,349</u>	<u>(74,190)</u>	<u>(59,639)</u>	<u>396,238</u>
Other financing sources (uses):					
Transfers in	-	-	-	25,000	25,000
Transfers (out)	(25,000)	-	-	-	(25,000)
Total other financing sources (uses)	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Special items:					
Demolition costs	-	-	(321,814)	-	(321,814)
Sale of assets	-	-	-	116,000	116,000
Net change in fund balances	339,718	165,349	(396,004)	81,361	190,424
Fund balances at beginning of year (restated).	<u>2,560,294</u>	<u>527,422</u>	<u>2,009,098</u>	<u>455,007</u>	<u>5,551,821</u>
Fund balances at end of year.	<u>\$ 2,900,012</u>	<u>\$ 692,771</u>	<u>\$ 1,613,094</u>	<u>\$ 536,368</u>	<u>\$ 5,742,245</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds	\$	190,424
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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 depreciation expense exceeds capital outlays in the current period.		
Capital asset additions	\$ 121,009	
Current year depreciation	<u>(658,360)</u>	
Total		(537,351)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		(58,085)
Principal payments on bonds and loans are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		249,057
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	15,654	
Intergovernmental	<u>(23,668)</u>	
Total		(8,014)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	621	
Accreted interest on "capital appreciation" bonds	(33,874)	
Amortization of bond issuance costs	(4,978)	
Amortization of bond premiums	<u>5,209</u>	
Total		(33,022)
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>(5,315)</u>
Change in net assets of governmental activities	\$	<u><u>(202,306)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 1,701,673	\$ 1,743,000	\$ 1,749,591	\$ 6,591
Income taxes.	1,420,501	1,455,000	1,457,860	2,860
Tuition.	203,068	208,000	208,711	711
Earnings on investments	10,251	10,500	10,828	328
Classroom materials and fees	11,715	12,000	12,361	361
Rental income	-	-	175	175
Contributions and donations	-	-	300	300
Other local revenues	24,407	25,000	27,274	2,274
Intergovernmental - state	4,405,993	4,513,000	4,515,182	2,182
Intergovernmental - federal	30,265	31,000	38,838	7,838
Total revenues	<u>7,807,873</u>	<u>7,997,500</u>	<u>8,021,120</u>	<u>23,620</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,321,694	4,397,594	4,299,878	97,716
Special.	709,093	742,593	700,746	41,847
Vocational.	101,479	142,979	141,079	1,900
Other.	49,000	49,000	47,670	1,330
Support services:				
Pupil.	104,588	145,188	137,639	7,549
Instructional staff	148,122	148,122	122,473	25,649
Board of education	25,250	25,250	15,656	9,594
Administration.	776,018	776,018	755,514	20,504
Fiscal	239,399	273,399	268,042	5,357
Business	28,782	31,782	31,640	142
Operations and maintenance.	717,572	649,572	518,842	130,730
Pupil transportation	539,638	549,638	543,224	6,414
Central.	57,000	57,000	56,103	897
Operation of non-instructional services	17,500	17,500	13,381	4,119
Extracurricular activities.	252,738	316,738	289,081	27,657
Facilities acquisition and construction	18,000	-	-	-
Total expenditures	<u>8,105,873</u>	<u>8,322,373</u>	<u>7,940,968</u>	<u>381,405</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(298,000)</u>	<u>(324,873)</u>	<u>80,152</u>	<u>405,025</u>
Other financing sources (uses):				
Refund of prior year's expenditures	57,601	59,000	59,684	684
Transfers (out).	(50,000)	(25,000)	(25,000)	-
Sale of capital assets	19,526	20,000	20,084	84
Total other financing sources (uses)	<u>27,127</u>	<u>54,000</u>	<u>54,768</u>	<u>768</u>
Net change in fund balance	(270,873)	(270,873)	134,920	405,793
Fund balance at beginning of year	2,331,324	2,331,324	2,331,324	-
Prior year encumbrances appropriated	155,873	155,873	155,873	-
Fund balance at end of year	<u>\$ 2,216,324</u>	<u>\$ 2,216,324</u>	<u>\$ 2,622,117</u>	<u>\$ 405,793</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ -	\$ 51,040
Cash in segregated accounts.	270,663	-
Receivables:		
Accrued interest.	13	-
Total assets.	<u>270,676</u>	<u>\$ 51,040</u>
Liabilities:		
Accounts payable.	-	\$ 271
Due to students.	-	50,769
Total liabilities	<u>-</u>	<u>\$ 51,040</u>
Net assets:		
Held in trust for scholarships	<u>270,676</u>	
Total net assets	<u>\$ 270,676</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Private-Purpose Trust
	Scholarship
Additions:	
Interest.	\$ 180
Total additions.	180
 Deductions:	
Scholarships awarded	5,999
Change in net assets.	(5,819)
Net assets at beginning of year	276,495
Net assets at end of year.	\$ 270,676

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District ranks as the 558th largest by total enrollment among the 918 public school districts and community schools in the State and 5th largest in Crawford County. The District employs 60 certified employees and 37 non-certified employees who provide services to 706 students.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

PUBLIC ENTITY RISK POOLS

Wyandot Crawford Health Benefit Plan

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association (NOECA)

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond retirement fund - The debt service fund is used to account for the accumulation of resources and payment of general obligation bond and principal and interest from governmental resources when the government is obligated in some manner for payment. It is also used to account for the accumulation or resources and payment of general obligation bonds payable.

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

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

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

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from income taxes is recognized in the fiscal year in which the underlying exchange transaction occurred (See Note 7).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2011 are recorded as deferred revenue on the governmental fund financial statements.

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

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

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except agency funds). The specific timetable for fiscal year 2011 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Crawford County Budget Commission for tax rate determination. The Crawford County Budget Commission waived this requirement for fiscal year 2011.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2011.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the first digit object level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. Any revisions that alter the total of any first digit object appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2011.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the first digit object level.

F. Cash and Investments

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

During fiscal year 2011, investments were limited to investments in 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 nonnegotiable certificates of deposit, are reported at cost.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

The District has invested funds in STAR Ohio during fiscal year 2011. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2011.

Under existing Ohio statutes all investment earnings are assigned to the general fund, unless statutorily required to be credited to a specific fund or by Board Resolution. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$10,476, which includes \$4,507 assigned from other District funds.

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

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

G. Inventory

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

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental activities column on the statement of net assets. The District had no interfund loans at June 30, 2011.

J. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2011, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2011 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

M. Net Assets

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

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

N. Unamortized Issuance Costs and Bond Premium

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

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

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

O. Prepayments

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

P. Estimates

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

Q. Interfund Activity

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

R. Parochial School

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

S. 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. During fiscal year 2011, the District incurred transactions that would be classified as special items. The District incurred costs for demolition of old school building and then sold the parcels of land that were no longer being used. These transactions are reflected as special items on the financial statements.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Fund Reclassifications

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

	<u>General</u>	<u>Bond Retirement</u>	<u>Classroom Facilities</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund balance as previously reported	\$ 2,531,359	\$ 527,422	\$ 2,009,098	\$ 483,942	\$ 5,551,821
Fund reclassifications:					
Special trust fund	2,351	-	-	(2,351)	-
Uniform school supplies fund	5,860	-	-	(5,860)	-
State or political subdivision	10,000	-	-	(10,000)	-
Public school support fund	<u>10,724</u>	<u>-</u>	<u>-</u>	<u>(10,724)</u>	<u>-</u>
Total fund reclassifications	<u>28,935</u>	<u>-</u>	<u>-</u>	<u>(28,935)</u>	<u>-</u>
Restated fund balance at July 1, 2010	<u>\$ 2,560,294</u>	<u>\$ 527,422</u>	<u>\$ 2,009,098</u>	<u>\$ 455,007</u>	<u>\$ 5,551,821</u>

The fund reclassifications did not have an effect on net assets as previously reported.

C. Deficit Fund Balances

Fund balances at June 30, 2011 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Management information systems	\$ 26

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Cash on Hand

At fiscal year end, the District had \$150 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and cash equivalents”.

B. Deposits with Financial Institutions

At June 30, 2011, the carrying amount of all District deposits was \$3,793,211. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2011, \$3,235,632 of the District’s bank balance of \$3,905,557 was exposed to custodial risk as discussed below, while \$669,925 was covered by the FDIC.

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

C. Investments

As of June 30, 2011, the District had the following investments:

<u>Investment type</u>	<u>Fair Value</u>	Investment <u>Maturities</u> 6 months or <u>less</u>
STAR Ohio	\$ 1,978,429	\$ 1,978,429
Total	<u>\$ 1,978,429</u>	<u>\$ 1,978,429</u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State Statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2011:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 1,978,429	100.00
Total	<u>\$ 1,978,429</u>	<u>100.00</u>

D. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,793,211
Investments	1,978,429
Cash on hand	150
Total	<u>\$ 5,771,790</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 5,450,087
Private-purpose trust funds	270,663
Agency funds	51,040
Total	<u>\$ 5,771,790</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the fiscal year ended June 30, 2011, consisted of the following, as reported on the fund financial statements:

<u>Transfers to nonmajor governmental funds from:</u>	
General fund	\$ 25,000

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

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

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

All transfers made in fiscal year 2011 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2011 (other than public utility property) generally represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on the value as of December 31, 2009. Amounts paid by multi-county taxpayers were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

The District receives property taxes from Crawford County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was \$462,901 in the general fund, \$160,430 in the bond retirement debt service fund and \$10,144 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2010 was \$470,445 in the general fund, \$164,477 in the bond retirement debt service fund and \$10,392 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 91,616,600	95.69	\$ 91,557,430	95.62
Public utility personal	4,095,270	4.28	4,162,680	4.35
Tangible personal property	<u>31,030</u>	<u>0.03</u>	<u>31,030</u>	<u>0.03</u>
Total	<u>\$ 95,742,900</u>	<u>100.00</u>	<u>\$ 95,751,140</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
Current	\$45.00		\$45.00	
Debt	7.60		7.60	
Classroom facility maintenance	0.50		0.50	

NOTE 7 - SCHOOL DISTRICT INCOME TAX

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

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

The 1.5% SDIT was passed in November 1989, and collections began January 1, 1990. SDIT revenue received by the general fund during fiscal year 2011 was \$1,473,363.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 8 - RECEIVABLES

Receivables at June 30, 2011 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the items of receivables reported on the statement of net assets follows:

Governmental activities:

Taxes	\$ 2,885,832
Accounts	1,725
Accrued interest	330
Intergovernmental	<u>227,877</u>
Total	<u>\$ 3,115,764</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance 06/30/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/11</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 479,483	\$ -	\$ (58,085)	\$ 421,398
Total capital assets, not being depreciated	<u>479,483</u>	<u>-</u>	<u>(58,085)</u>	<u>421,398</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	568,105	-	-	568,105
Buildings and improvements	23,028,979	-	-	23,028,979
Furniture and equipment	167,112	39,969	-	207,081
Vehicles	<u>854,269</u>	<u>81,040</u>	<u>-</u>	<u>935,309</u>
Total capital assets, being depreciated	<u>24,618,465</u>	<u>121,009</u>	<u>-</u>	<u>24,739,474</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(243,459)	(20,489)	-	(263,948)
Buildings and improvements	(550,839)	(574,044)	-	(1,124,883)
Furniture and equipment	(26,287)	(26,191)	-	(52,478)
Vehicles	<u>(722,845)</u>	<u>(37,636)</u>	<u>-</u>	<u>(760,481)</u>
Total accumulated depreciation	<u>(1,543,430)</u>	<u>(658,360)</u>	<u>-</u>	<u>(2,201,790)</u>
Governmental activities capital assets, net	<u>\$ 23,554,518</u>	<u>\$ (537,351)</u>	<u>\$ (58,085)</u>	<u>\$ 22,959,082</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 359,059
Special	14,764
Vocational	11,075
Pupil	2,953
Instructional staff	13,288
Board of education	3,797
Administration	16,030
Fiscal	633
Business	22,298
<u>Support services:</u>	
Operations and maintenance	20,459
Pupil transportation	41,655
Extracurricular activities	140,812
Food service operations	<u>11,537</u>
Total depreciation expense	<u>\$ 658,360</u>

NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE

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

Equipment in the amount of \$111,488 has been capitalized as a capital asset. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2011 totaled \$20,055 paid by the general fund. Accumulated depreciation as of June 30, 2011 was \$33,447 leaving a current book value of \$78,041.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2011:

<u>Fiscal Year Ending June 30,</u>	
2012	\$ 27,127
2013	27,127
2014	27,127
2015	<u>6,781</u>
Total minimum lease payments	88,162
Less amount representing interest	<u>(10,755)</u>
Total	<u>\$ 77,407</u>

NOTE 11 - LONG-TERM OBLIGATIONS

A. During fiscal year 2011, the following activity occurred in the governmental activities long-term obligations:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amounts</u>
	<u>June 30, 2010</u>			<u>June 30, 2011</u>	<u>Due in</u>
					<u>One Year</u>
General obligation bonds	\$ 8,321,589	\$ 33,874	\$ (205,000)	\$ 8,150,463	\$ 215,000
Capital lease	97,462	-	(20,055)	77,407	21,719
Loan payable	433,880	-	(24,002)	409,878	25,279
Compensated absences	<u>419,858</u>	<u>26,362</u>	<u>(87,211)</u>	<u>359,009</u>	<u>36,529</u>
Total governmental activities	<u>\$ 9,272,789</u>	<u>\$ 60,236</u>	<u>\$ (336,268)</u>	8,996,757	<u>\$ 298,527</u>
Add: Unamortized premium on bonds				<u>127,182</u>	
Total on statement of net assets				<u>\$ 9,123,939</u>	

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

Capital Lease Obligation: See Note 10 for detail on the capital lease obligation.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

B. General Obligation Bonds - Series 2007: On May 30, 2007, the District issued general obligation bonds to finance building construction and improvements in accordance with the terms of a facilities grant from the Ohio Schools Facilities Commission (OSFC). The total project (hereafter “Construction Project”) encompasses the construction of one new facility to house K-12 and to demolish Buckeye East Elementary, Buckeye North Elementary, Buckeye West Elementary and Buckeye Central High School. This issue is comprised of both current interest bonds, par value \$8,260,000, and capital appreciation bonds, par value \$180,991. The interest rates on the current interest bonds range from 4.00% to 4.25%. The capital appreciation bonds mature on December 1, 2014 (stated interest 12.59%) and December 1, 2015 (stated interest 12.59%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$480,000. Total accreted interest of \$114,472 has been included in the statement of net assets at June 30, 2011. At June 30, 2011, the District had \$242,339 of unspent bond proceeds remaining on the bond issue.

These bonds represent the amount of the Construction Project that the District itself was required to finance, in accordance with the terms of the facilities grant from OSFC. OSFC will make quarterly disbursements to the District as the project is completed. As of June 30, 2011, the total cost of the Construction Project is \$21,284,160, of which OSFC will pay \$16,924,895.

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

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

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

The following is a schedule of activity for fiscal year 2011 on the 2007 series bonds:

	Balance <u>June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2011</u>
Current interest bonds - 2007 Series	\$ 8,060,000	\$ -	\$(205,000)	\$ 7,855,000
Capital appreciation bonds - 2007 Series	180,991	-	-	180,991
Capital appreciation bonds - Accreted Interest	<u>80,598</u>	<u>33,874</u>	<u>-</u>	<u>114,472</u>
Total	<u>\$ 8,321,589</u>	<u>\$ 33,874</u>	<u>\$(205,000)</u>	<u>\$ 8,150,463</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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

Fiscal Year Ending June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 215,000	\$ 316,723	\$ 531,723	\$ -	\$ -	\$ -
2013	225,000	307,923	532,923	-	-	-
2014	235,000	298,723	533,723	-	-	-
2015	-	294,022	294,022	96,014	143,986	240,000
2016	-	294,023	294,023	84,977	155,023	240,000
2017 - 2021	1,300,000	1,344,115	2,644,115	-	-	-
2022 - 2026	1,580,000	1,057,315	2,637,315	-	-	-
2027 - 2031	1,925,000	706,450	2,631,450	-	-	-
2032 - 2036	2,375,000	260,395	2,635,395	-	-	-
Total	<u>\$ 7,855,000</u>	<u>\$ 4,879,689</u>	<u>\$ 12,734,689</u>	<u>\$ 180,991</u>	<u>\$ 299,009</u>	<u>\$ 480,000</u>

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

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

The remaining balance of the debt, including interest, at June 30, 2011, is \$557,641 and matures in 2023. The District receives tax revenue related to the new boundaries. The activity related to this transaction has been reclassified and is reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements in the general fund.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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

Fiscal Year Ending June 30.	Principal	Interest	Total
2012	\$ 25,279	\$ 21,191	\$ 46,470
2013	26,624	19,846	46,470
2014	28,040	18,430	46,470
2015	29,531	16,939	46,470
2016	31,102	15,368	46,470
2017 - 2021	182,154	50,196	232,350
2022 - 2023	87,148	5,793	92,941
Total	<u>\$ 409,878</u>	<u>\$ 147,763</u>	<u>\$ 557,641</u>

D. Legal Debt Margin

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

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

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

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

The District maintains property insurance with Dawson Companies for real property and building contents. Real property and contents are insured for \$27,233,572. General liability is protected by KMU, with a \$2,000,000 annual aggregate/\$1,000,000 single occurrence limit and \$6,000,000 excess liability coverage. The bus fleet is also covered by Dawson Companies.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 12 - RISK MANAGEMENT - (Continued)

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

B. Employee Health Insurance

The District has joined together with Carey Exempted Village Schools, Colonel Crawford Local Schools, Galion City School District, Shelby City School District, Triway Local School District and Upper Sandusky Exempted Village Schools to form the Wyandot Crawford Health Benefit Plan (WCHBP), a public entity shared risk pool, operating as a common risk management and insurance program for the member Districts. The plan was organized to provide benefit coverage for employees, dependents and designated beneficiaries of such employees. The Huntington National Bank serves as trustee for the Wyandot-Crawford Health Benefit Plan. The District pays an annual premium to the pool for its general insurance coverage. The risk of loss transfers entirely from the District to WCHBP. The Agreement for formation of the WCHBP provides that the WCHBP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$125,000 for each insured event.

C. Workers' Compensation

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

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants. The workers' compensation experience of the participating school districts is calculated as one and a common premium rate is applied to participants. Participation in the GRP is limited to school districts that can meet the selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 13 - PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$114,008, \$119,069 and \$86,894, respectively; 54.13 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "Publications".

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 13 - PENSION PLANS - (Continued)

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$428,826, \$417,369 and \$413,099 respectively; 83.42 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$10,061 made by the District and \$7,187 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "*Media/Financial Reports*".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010, and 2009 were \$27,727, \$23,306 and \$58,348, respectively; 54.13 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$7,337, \$7,081 and \$7,169, respectively; 54.13 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$32,987, \$32,105 and \$31,777, respectively; 83.42 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 134,920
Net adjustment for revenue accruals	21,521
Net adjustment for expenditure accruals	102,167
Net adjustment for other sources/uses	(79,768)
Funds budgeted elsewhere	(7,053)
Adjustment for encumbrances	167,931
GAAP basis	\$ 339,718

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the special trust fund, uniform school supplies, underground storage tank fund and the public school support fund.

NOTE 16 - CONTINGENCIES

A. Grants

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

B. Litigation

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 17 - SET-ASIDES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2011, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside reserve balance June 30, 2010	\$ -	\$ -
Current year set-aside requirement	97,776	97,776
Contributions in excess of the current fiscal year set-aside requirement	-	-
Current year qualifying expenditures	(100,887)	(149,918)
Excess qualified expenditures from prior years	(152,938)	-
Current year offsets	-	-
Waiver granted by ODE	-	-
Prior year offset from bond proceeds	-	-
Total	<u>\$ (156,049)</u>	<u>\$ (52,142)</u>
Balance carried forward to fiscal year 2012	<u>\$ -</u>	<u>\$ -</u>
Set-aside reserve balance June 30, 2011	<u>\$ -</u>	<u>\$ -</u>

The District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount to below zero. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. This negative balance is therefore not being presented as being carried forward to the future fiscal year. Although the District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future fiscal years. The negative balance is therefore not presented as being carried forward to future fiscal years.

NOTE 18 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 124,892
Capital projects fund	44,363
Nonmajor governmental funds	<u>55,125</u>
Total	<u>\$ 224,380</u>

SUPPLEMENTARY DATA

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
<i>Child Nutrition Cluster:</i>				
(C)(D) School Breakfast Program	10.553	2011	\$ 27,554	\$ 27,554
(D)(E) National School Lunch Program - Food Donation	10.555	2011	22,364	22,364
(C)(D) National School Lunch Program	10.555	2011	131,286	131,286
Total National School Lunch Program			153,650	153,650
Total U.S. Department of Agriculture and Child Nutrition Cluster			181,204	181,204
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
<i>Title I Grant Cluster:</i>				
(F) Title I Grants to Local Educational Agencies	84.010	2010	17,650	17,864
(F) Title I Grants to Local Educational Agencies	84.010	2011	78,745	78,745
Total Title I Grants to Local Educational Agencies			96,395	96,609
(F) ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2010	-	7,025
(F) ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2011	22,750	22,678
			22,750	29,703
Total Title I Grant Cluster			119,145	126,312
<i>Special Education Grant Cluster:</i>				
(G) Special Education_Grants to States	84.027	2010	27,787	29,766
(G) Special Education_Grants to States	84.027	2011	130,450	130,450
Total Special Education_Grants to States			158,237	160,216
(G) ARRA - Special Education_Grants to States, Recovery Act	84.391	2010	-	2,862
(G) ARRA - Special Education_Grants to States, Recovery Act	84.391	2011	86,682	86,381
Total ARRA Special Education_Grants to States, Recovery Act			86,682	89,243
Total Special Education Grant Cluster			244,919	249,459
Safe and Drug-Free Schools and Communities_State Grants	84.186	2010	-	177
Education Technology State Grants	84.318	2010	307	80
Improving Teacher Quality State Grants	84.367	2010	-	1,652
Improving Teacher Quality State Grants	84.367	2010	22,953	22,814
Total Improving Teacher Quality State Grants			22,953	24,466
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	2011	338,607	338,607
Education Jobs Funds	84.410	2011	9,600	9,600
Total U.S. Department of Education			735,531	748,701
Total Federal Financial Assistance			\$ 916,735	\$ 929,905

NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS:

- (A) OAKS did not assign pass through numbers for fiscal year 2011.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (D) Included as part of "Child Nutrition Cluster" in determining major programs.
- (E) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at entitlement value.
- (F) Included as part of "Title I Grant Cluster" in determining major programs.
- (G) Included as part of "Special Education Grant Cluster" in determining major programs.



Julian & Grube, Inc.
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Buckeye Central Local School District
938 S. Kibler Street
New Washington, Ohio 44854

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 the Buckeye Central Local School District, Crawford County, Ohio, as of and for the fiscal year ended June 30, 2011, which collectively comprise Buckeye Central Local School District's basic financial statements and have issued our report thereon dated November 30, 2011. We noted that the Buckeye Central Local School District adopted Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. 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 Buckeye Central Local School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Buckeye Central Local School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Buckeye Central Local School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Buckeye Central Local School District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Board of Education
Buckeye Central Local School District

Compliance and Other Matters

As part of reasonably assuring whether the Buckeye Central Local School 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 on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the management and Board of Education of the Buckeye Central Local School District, federal awarding agencies and pass-through entities, and others within the Buckeye Central Local School District. We intend it for no one other than these specified parties.



Julian & Grube, Inc.
November 30, 2011



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

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Buckeye Central Local School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could directly and materially affect each of Buckeye Central Local School District's major federal programs for the fiscal year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the Buckeye Central Local School District's major federal programs. The Buckeye Central Local School 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 Buckeye Central Local School 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 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 Buckeye Central Local School 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 Buckeye Central Local School District's compliance with those requirements.

In our opinion, the Buckeye Central School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

The Buckeye Central Local School 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 Buckeye Central Local School District's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of Buckeye Central Local School District's internal control over compliance.

Board of Education
Buckeye Central Local School District

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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 over compliance that might be deficiencies, 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 management and Board of Education of the Buckeye Central Local School District, federal awarding agencies and pass-through entities, and others within the Buckeye Central Local School District. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.
November 30, 2011

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under §.510(a)?</i>	No
(d)(1)(vii)	<i>Major Programs (listed):</i>	Special Education Grant Cluster: Special Education_Grants to States, CFDA #84.027 and ARRA - Special Education_Grants to States, Recovery Act, CFDA #84.391, ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act, CFDA #84.394
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Buckeye Central Local School District (the "District") has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on September 10, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Julian & Grube, Inc.

Julian & Grube, Inc.
November 30, 2011



Dave Yost • Auditor of State

BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT

CRAWFORD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 17, 2012**