



Mary Taylor, CPA  
Auditor of State



**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

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We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is required by 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. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects, in relation to the basic statements taken as a whole.

**Mary Taylor, CPA**  
Auditor of State

May 17, 2007







































































































# Mary Taylor, CPA

## Auditor of State

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

Buckeye Local School District  
Jefferson County  
6899 State Route 150  
P.O. Box 300  
Dillonvale, Ohio 43917

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 Local School District, Jefferson County, Ohio (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements have issued our report thereon dated May 17, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinions on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2006-004.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the District's management dated May 17, 2007, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2006-001 through 2006-003. In a separate letter to the District's management dated May 17, 2007, we reported other matters related to noncompliance we deemed immaterial.

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

**Mary Taylor, CPA**  
Auditor of State

May 17, 2007



# Mary Taylor, CPA

## Auditor of State

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

Buckeye Local School District  
Jefferson County  
6899 State Route 150  
P.O. Box 300  
Dillonvale, Ohio 43917

To the Board of Education:

#### Compliance

We have audited the compliance of the Buckeye Local School District, Jefferson County, Ohio (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to each of its major federal programs for the year ended June 30, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2006. In a separate letter to the District's management dated May 17, 2007, we reported other matters related to federal noncompliance not requiring inclusion in this report.

#### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to material weaknesses.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties. However, we noted matters involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the District's Management in separate letter dated March 17, 2007.

**Mary Taylor, CPA**  
Auditor of State

May 17, 2007

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 .505  
JUNE 30, 2006**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under ' .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	84.010 Title I 84.367 Improving Teacher Quality
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

<b>Finding Number</b>	<b>2006-001</b>
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**Finding for Recovery**

A former secretary of Buckeye Local High School, Toni Blumenauer, had sole control over the High School Principal's Fund (Fund 018), as well as incoming monies from other sources including classroom fees, revenue from athletic events and proceeds from fund raising events conducted by various school groups that should be posted to the credit of the Principals' Fund, the General Fund, various Athletic Funds and various Student Activity Funds, respectively.

From October 2004 through September 2006, some of the revenue collected from the above named sources was not deposited to the District Treasury nor was the revenue accounted for by the District.

The Secretary substituted checks, which she received but did not record, from various sources, the majority being from incoming sources of revenue to the Principal's Fund, for cash. This was done by holding checks for a period of time so that the total amount of some deposits would reflect the correct amount but in effect the deposits were being shorted because checks were being used to replace cash amounts.

The amount of the checks substituted for cash in each year is as follows:

Fiscal Year 2007	\$ 6,378.50
Fiscal Year 2006	16,732.96
Fiscal year 2005	<u>5,832.38</u>
	<u>\$28,943.84</u>

In accordance with the forgoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money collected but not accounted for is hereby issued against Toni Blumenauer, former High School Secretary, and Ohio Casualty Insurance Company, her bonding company, jointly and severally, for \$28,943.84 and in favor of the High School Principal's Fund, the General Fund, various Athletic Funds and various Student Activity Funds of Buckeye Local School District.

<b>Finding Number</b>	<b>2006-002</b>
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**Finding for Recovery**

Proceeds from some athletic events and one "tag day" for the Class of 2009 were not deposited to the District Treasury. During 2005 and 2006, the Secretary received cash and wrote receipts to the activity advisor for the Class of 2009 and to the athletic director, but did not record the pay-in on the pay-in summary and did not deposit the cash to the District Treasury. The receipts from the athletic events were verified to the records maintained by the Athletic Director.

The amount of cash from ticket sales for athletic events and from the Class of 2009 "tag day" fundraiser collected but not deposited is:

Fiscal Year 2006 Athletic Events	\$3,259.00
Fiscal Year 2006 Class of 2009	564.31
Fiscal Year 2005 Athletic Events	<u>1,598.00</u>
	<u>\$5,421.31</u>

In accordance with the forgoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money collected but not accounted for is hereby issued against Toni Blumenauer, former High School Secretary, and Ohio Casualty Insurance Company, her bonding company, jointly and severally, for \$5,421.31 and in favor of various Athletic Funds and the Class of 2009 Fund.



<b>Finding Number</b>	<b>2006-003</b>
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**Finding for Recovery**

On several occasions, receipts were written by the Secretary to teachers or activity advisors for money that was collected for specific fees or activities. Some of these receipts were not recorded on the pay-in summary sheet and therefore were not subsequently credited to the appropriate fund. Individual fee payments could have been paid with either cash or check. Therefore, the total amount associated with a receipt could have been comprised of cash, checks, or a combination of both. Some of the checks collected for these fees have been accounted for in the substitution scheme outlined above while other amounts were converted by the Secretary. To determine that amount converted, the total amount involved in the substitution scheme was reduced by the known revenue sources that were earmarked for specific sources. The balance of the substitution came from checks paid for other fees or activities which were collected but not recorded on the pay-in summary sheets and were, therefore, not credited to the appropriate funds.

Fiscal Year 2006

Substitution Scheme Total	\$16,732.96	Collected and not recorded	\$7,903.00
Known Sources	<u>11,545.90</u>	Substitution Unknown Sources	<u>5,187.06</u>
Substitution Unknown Sources	\$ 5,187.06	*Collected and not recorded	\$2,715.94

Fiscal Year 2005

Substitution Scheme Total	\$5,832.38	Collected and not recorded	\$8,793.00
Known Sources	<u>5,229.66</u>	Substitution Unknown Sources	<u>602.72</u>
Substitution Unknown Sources	\$ 602.72	*Collected and not recorded	\$8,190.28

\*This amount was calculated to determine the portion of the revenue that had been collected, not recorded but not included in the substitution scheme described in Finding 2006-001.

The amounts of revenue collected and not recorded or accounted for is:

Fiscal Year 2006	\$ 2,715.94
Fiscal Year 2005	<u>8,190.28</u>
	<u>\$10,906.22</u>

In accordance with the forgoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money collected but not accounted for is hereby issued against Toni Blumenauer, former High School Secretary, and Ohio Casualty Insurance Company, her bonding company, jointly and severally, for \$10,906.22 and in favor of the General Fund, the High School Principal's Fund, several Athletic Funds and several Student Activity Funds of Buckeye Local School District.

<b>Finding Number</b>	<b>2006-004</b>
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**Reportable Condition**

Ohio Administrative Code Section 117-2-01(A) states that all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of certain objectives for a respective public office. Ohio Administrative Code Section 117-2-01(B) defines internal control as a process affected by an entity's governing board, management and personnel, designed to provide reasonable assurance regarding the achievement of specific objectives in one of four categories, including safeguarding assets. The District does not maintain a system of internal control that adequately safeguards monies received at all collection points.

The High School Secretary has sole control over receipts coming into the high school and in addition to a lack of segregation of duties, there are several other weaknesses.

- Activity advisors, the athletic director and teachers prepare a pay-in report each time they deposit money with the Secretary. These deposits are generated by student activities, athletic events or classroom fees. The money is not always recounted in the presence of the payor to verify the accuracy of the pay in report at the time the money is being deposited with the Secretary.
- The Secretary also receives some money by mail for which no pay-in report is prepared. The mail receipts are usually vending commissions or donations that should be credited to the Principals Fund.
- Prenumbered receipts are not consistently prepared for the activity advisors, the athletic director or teachers each time money is brought to the Secretary for deposit and prenumbered receipts are not prepared for the money received by mail.
- At the end of each day, a pay-in summary is prepared by the Secretary. The prenumbered receipt numbers, which document each specific amount paid and the purpose of the payment, are not identified on the pay-in summary.
- The bank deposit slips are prepared by the Secretary and do not indicate the amount of currency and/or checks that make up each deposit, even though this information is on the pay-in report.
- The Secretary is also responsible for depositing money to the bank.

The cumulative effect of these weaknesses is that some money collected at the high school cannot be accounted for. To strengthen controls over the receipt cycle the District should consider several procedural changes.

- The duties of collecting money, preparing receipts, preparing pay-in summaries and depositing to the bank should be segregated. There is more than one person in the high school office with whom the duties could be shared.
- Before money is brought to the high school office for deposit, a pay in report is prepared by the activity advisor, the athletic director or teacher who has collected the money. Each deposit should be recounted in the presence of the payor to verify accuracy by comparing the recount to the pay-in report. Any error made on the pay-in report should be corrected immediately and the pay-in report should be signed or initialed by the payor and by the secretary to document correction of the error.
- A prenumbered receipt should be prepared for each receipt and should indicate the payor, the amount, the source (purpose) and the fund which should be credited.
- A pay-in summary should be prepared at the end of each day by a secretary. The summary should include the amount collected, the source, the receipt number, the payor and the fund number which should be credited.
- When deposit slips are prepared, the amount of currency and the amount of checks being deposited should be identified. This information can be traced back to the pay-in report.

Segregating duties of the receipt cycle at the high school and implementing the procedures listed above will improve internal controls to safeguard assets.

#### **Officials' Response**

We did not receive a response from Officials to the findings reported above.

### **3. FINDINGS FOR FEDERAL AWARDS**

None