



Mary Taylor, CPA
Auditor of State

**BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Buckeye Local School District
Jefferson County
6899 State Highway Route 150
Dillonvale, Ohio 43917

To the Board of Education:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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 financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

February 27, 2009

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

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

Financial Highlights

Key financial highlights for the fiscal year 2008 are as follows:

- Net assets of governmental activities decreased \$468,507.
- General revenues accounted for \$16,574,454 in revenue or 77 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$4,813,614 or 23 percent of total revenues of \$21,388,068.
- Total assets of governmental activities decreased \$550,465 primarily due to a declining cash balance.
- The School District had \$21,856,575 in expenses related to governmental activities; only \$4,813,614 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$16,574,454 were not adequate to provide for these programs.
- The School District had 2 major funds, the General Fund and the Debt Service Fund. The General Fund had \$16,968,131 in revenues and \$17,838,986 in expenditures. Overall, the general fund's balance decreased \$870,605. The Debt Service Fund had revenues in the amount of \$1,007,568 and expenditures in the amount of \$912,910 which resulted in a fund balance increase of \$94,658.

Using this Annual Financial Report

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School 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 as the School District's most significant funds with all other non-major funds presented in total in one column.

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

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

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School 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 School 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, all of the School District's activities are considered to be Governmental Activities.

- Governmental Activities – All of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services, bond service operations, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds Most of the School 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 fiscal 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 that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2008 compared to 2007.

Table 1
Net Assets
Governmental Activities

	2008	2007	Change
Assets			
Current and Other Assets	\$9,868,676	\$10,298,440	(\$429,764)
Capital Assets	10,790,540	10,911,241	(120,701)
Total Assets	20,659,216	21,209,681	(550,465)
Liabilities			
Long-Term Liabilities	4,557,461	4,968,151	(410,690)
Other Liabilities	8,625,949	8,297,217	328,732
Total Liabilities	13,183,410	13,265,368	(81,958)
Net Assets			
Invested in Capital Assets	7,905,617	7,872,981	32,636
Restricted	1,815,225	1,603,489	211,736
Unrestricted (Deficit)	(2,245,036)	(1,532,157)	(712,879)
Total Net Assets	\$7,475,806	\$7,944,313	(\$468,507)

Total assets decreased \$550,465. Seventy-eight percent of this decrease results from a decrease in current assets largely attributed to a declining cash balance.

Total net assets of the School District's governmental activities decreased by \$468,507. This decrease is due primarily to a decrease in equity in pooled cash and cash equivalents, annual depreciation expense, as well as increases in liability accounts which are slightly offset by debt repayments on long-term debt.

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Table 2 shows the changes in net assets for the fiscal year 2008 compared to fiscal year 2007.

Table 2			
Changes in Net Assets			
Governmental Activities			
	2008	2007	Change
Revenues			
Program Revenues			
Charges for Services	\$1,030,334	\$929,938	\$100,396
Operating Grants and Contributions	3,722,122	3,824,407	(102,285)
Capital Grants and Contributions	61,158	53,648	7,510
Total Program Revenues	4,813,614	4,807,993	5,621
General Revenues			
Property Taxes	6,610,115	7,148,704	(538,589)
Grants and Entitlements not Restricted to Specific Programs	9,767,712	9,446,040	321,672
Others	196,627	216,229	(19,602)
Total General Revenues	16,574,454	16,810,973	(236,519)
Total Revenues	21,388,068	21,618,966	(230,898)
Program Expenses			
Instruction			
Regular	9,421,307	8,832,303	589,004
Special	2,380,602	2,275,479	105,123
Vocational	757,266	683,983	73,283
Support Services			
Pupil	551,756	445,609	106,147
Instructional Staff	552,013	480,004	72,009
Board of Education	60,981	57,019	3,962
Administration	2,124,952	1,702,380	422,572
Fiscal	460,765	406,914	53,851
Business	53,725	63,079	(9,354)
Operation and Maintenance of Plant	2,189,077	2,089,102	99,975
Pupil Transportation	1,780,814	1,545,856	234,958
Operation of Non-Instructional Services	114,461	103,241	11,220
Food Service Operations	841,547	838,664	2,883
Extracurricular Activities	390,964	377,967	12,997
Interest and Fiscal Charges	176,345	278,919	(102,574)
Total Expenses	21,856,575	20,180,519	1,676,056
Increase (Decrease) in Net Assets	(468,507)	1,438,447	(1,906,954)
Net Assets Beginning of Year	7,944,313	6,505,866	1,438,447
Net Assets End of Year	\$7,475,806	\$7,944,313	(\$468,507)

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

In 2008, 31 percent of the School District's revenues were from property taxes and 46 percent were from unrestricted grants and entitlements. Property taxes had a significant decrease from the prior year primarily due to the change in the amount available as an advance on the August tax settlement from prior years. Unrestricted grants and entitlements increased by \$321,672 due primarily to an increase in Federal and State programs.

Instructional programs comprise approximately 57 percent of total governmental program expenses, and reflected a \$767,410 increase from fiscal year 2007. The District experienced a significant increase in expenses due primarily to increased instructional costs, coupled with declining revenues that caused an overall decrease in net assets.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2008 compared to fiscal year 2007. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

Table 3
Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Instruction				
Regular	\$9,421,307	\$8,832,303	\$7,831,701	\$7,377,063
Special	2,380,602	2,275,479	661,912	601,326
Vocational	757,266	683,983	589,496	542,929
Support Services				
Pupil	551,756	445,609	497,680	309,499
Instructional Staff	552,013	480,004	369,526	207,628
Board of Education	60,981	57,019	60,981	57,019
Administration	2,124,952	1,702,380	2,033,498	1,606,760
Fiscal	460,765	406,914	460,765	406,914
Business	53,725	63,079	53,725	63,079
Operation and Maintenance of Plant	2,189,077	2,089,102	2,143,568	2,046,808
Pupil Transportation	1,780,814	1,545,856	1,758,295	1,510,128
Operation of Non-Instructional Services	114,461	103,241	113,277	97,918
Food Service Operations	841,547	838,664	35,628	8,094
Extracurricular Activities	390,964	377,967	256,564	258,442
Interest and Fiscal Charges	176,345	278,919	176,345	278,919
Total Expenses	<u>\$21,856,575</u>	<u>\$20,180,519</u>	<u>\$17,042,961</u>	<u>\$15,372,526</u>

The dependence upon tax revenues and state subsidies for governmental activities is apparent. Approximately 72 percent of instructional activities are supported through taxes and other general revenues. For all governmental activities general revenue support is approximately 78 percent.

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The School District Funds

Information about the School District's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. The General Fund had total revenues of \$16,968,131 and expenditures of \$17,838,986, and the Debt Service Fund had total revenues of \$1,007,568 and expenditures of \$912,910. Overall, the General Fund's balance decreased \$870,605, and the Debt Service Fund's balance increased \$94,658.

General Fund Budgeting Highlights

The School 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 2008, the School District amended its general fund appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were no significant changes between the original and final budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the School District had \$10,790,540 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. See Note 9 for more detailed information of the School District's capital assets.

Table 4
Capital Assets Net of Depreciation

	Government Activities	
	2008	2007
Land	\$597,049	\$597,049
Land Improvements	238,566	136,935
Buildings and Improvements	9,104,668	9,316,899
Furniture and Equipment	281,678	306,188
Vehicles	568,579	554,170
Totals	\$10,790,540	\$10,911,241

Debt

At June 30, 2008, the School District had \$3,220,681 in bonds and capital leases outstanding, including premiums, refunding differences, and accretion.

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2008	2007
1993 School Improvement		
General Obligation Bonds		
Capital Appreciation Bonds	\$0	\$83,388
Accretion of Interest	0	630,002
2003 School Improvement Refunding		
Serial Bonds	1,585,000	1,660,000
Premium	55,082	72,031
Refunding Gain	(23,943)	(31,311)
Capital Appreciation Bonds	1,299,986	1,299,986
Accretion of Interest	304,556	234,950
Capital Leases	0	67,000
Total	\$3,220,681	\$4,016,046

See Note 15 for more detailed information on the School District's debt.

Economic Factors

During fiscal year 2008, eight teachers and two OAPSE employees retired.

Overall, the School District's net assets continue to decrease primarily due to declining enrollment. The School District experienced a loss of 96 students during fiscal year 2008 which resulted in being placed on the Transitional Aide Guarantee in the state foundation formula.

The Board of Education has recognized the need to reduce expenses and/or increase revenues. The Board is reviewing the number of buildings needed by the School District. The School District currently operates 7 buildings, and has been exploring the possibility of an Ohio School Facilities Project which would reduce the number of School District buildings and reduce maintenance costs.

The Board of Education has also directed the Superintendent and the Treasurer to make extensive budget cuts. The Superintendent and Treasurer have been attending meetings with the public to inform the citizens about the School District's financial position.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Dana Prebeg, Treasurer/CFO at Buckeye Local School District, 6899 State Route 150, Dillonvale, Ohio 43917.

Buckeye Local School District
Statement of Net Assets
June 30, 2008

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,487,609
Intergovernmental Receivable	253,576
Prepaid Items	1,500
Materials and Supplies Inventory	97,121
Property Taxes Receivable	6,997,668
Deferred Charges	31,202
Non-Depreciable Capital Assets	597,049
Depreciable Capital Assets, Net	10,193,491
<i>Total Assets</i>	20,659,216
Liabilities	
Accounts Payable	31,834
Accrued Wages and Benefits Payable	1,824,086
Intergovernmental Payable	538,839
Matured Severance Payable	123,310
Accrued Interest Payable	3,302
Deferred Revenue	6,104,578
Long-Term Liabilities:	
Due Within One Year	933,763
Due In More Than One Year	3,623,698
<i>Total Liabilities</i>	13,183,410
Net Assets	
Invested in Capital Assets, Net of Related Debt	7,905,617
Restricted for:	
Debt Service	1,560,793
Set Asides	115,961
Bus Purchase	2,673
Federal Programs	49,022
Other Purposes	86,776
Unrestricted (Deficit)	(2,245,036)
<i>Total Net Assets</i>	\$7,475,806

See accompanying notes to the basic financial statements

Buckeye Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
Instruction:					
Regular	\$9,421,307	\$577,381	\$973,240	\$38,985	(\$7,831,701)
Special	2,380,602	0	1,718,690	0	(661,912)
Vocational	757,266	0	167,770	0	(589,496)
Support Services:					
Pupil	551,756	0	54,076	0	(497,680)
Instructional Staff	552,013	0	182,487	0	(369,526)
Board of Education	60,981	0	0	0	(60,981)
Administration	2,124,952	0	91,454	0	(2,033,498)
Fiscal	460,765	0	0	0	(460,765)
Business	53,725	0	0	0	(53,725)
Operation and Maintenance of Plant	2,189,077	0	45,509	0	(2,143,568)
Pupil Transportation	1,780,814	0	346	22,173	(1,758,295)
Operation of Non-Instructional Services	114,461	0	1,184	0	(113,277)
Food Service Operations	841,547	318,553	487,366	0	(35,628)
Extracurricular Activities	390,964	134,400	0	0	(256,564)
Interest and Fiscal Charges	176,345	0	0	0	(176,345)
<i>Total Governmental Activities</i>	<u>\$21,856,575</u>	<u>\$1,030,334</u>	<u>\$3,722,122</u>	<u>\$61,158</u>	<u>(\$17,042,961)</u>

General Revenues

Property Taxes Levied for General Purposes	5,869,573
Property Taxes Levied for Debt Service	740,542
Grants and Entitlements not Restricted to Specific Programs	9,767,712
Investment Earnings	103,050
Gifts and Donations	66,877
Gain on Sale of Capital Assets	250
Miscellaneous	26,450
<i>Total General Revenues</i>	<u>16,574,454</u>
Change in Net Assets	(468,507)
<i>Net Assets Beginning of Year</i>	<u>7,944,313</u>
<i>Net Assets End of Year</i>	<u>\$7,475,806</u>

See accompanying notes to the basic financial statements

Buckeye Local School District
Balance Sheet
Governmental Funds
June 30, 2008

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$739,119	\$1,467,954	\$161,902	\$2,368,975
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	118,634	0	0	118,634
Receivables:				
Property Taxes	6,219,019	778,649	0	6,997,668
Intergovernmental	60,718	0	192,858	253,576
Interfund	109,553	0	0	109,553
Prepaid Items	1,500	0	0	1,500
Materials and Supplies Inventory	81,779	0	15,342	97,121
<i>Total Assets</i>	<u>\$7,330,322</u>	<u>\$2,246,603</u>	<u>\$370,102</u>	<u>\$9,947,027</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$18,894	\$0	\$12,940	\$31,834
Accrued Wages and Benefits	1,494,651	0	329,435	1,824,086
Matured Severance Payable	123,310	0	0	123,310
Interfund Payable	0	0	109,553	109,553
Intergovernmental Payable	447,687	0	91,152	538,839
Deferred Revenue	5,978,864	736,070	43,877	6,758,811
<i>Total Liabilities</i>	<u>8,063,406</u>	<u>736,070</u>	<u>586,957</u>	<u>9,386,433</u>
Fund Balances (Deficit)				
Reserved for Encumbrances	436	0	250	686
Reserved for Property Taxes	300,873	42,579	0	343,452
Reserved for Budget Stabilization	115,961	0	0	115,961
Reserved for Reserved for Bus Purchase	2,673	0	0	2,673
Unreserved, Undesignated, Reported in:				
General Fund	(1,153,027)	0	0	(1,153,027)
Special Revenue Funds	0	0	(219,502)	(219,502)
Debt Service Fund	0	1,467,954	0	1,467,954
Capital Projects Funds	0	0	2,397	2,397
<i>Total Fund Balances (Deficit)</i>	<u>(733,084)</u>	<u>1,510,533</u>	<u>(216,855)</u>	<u>560,594</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$7,330,322</u>	<u>\$2,246,603</u>	<u>\$370,102</u>	<u>\$9,947,027</u>

See accompanying notes to the basic financial statements

Buckeye Local School District
*Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
June 30, 2008*

Total Governmental Fund Balances		\$560,594
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are deferred in the funds.		10,790,540
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Grants	43,877	
Tuition and Fees	60,718	
Property Taxes	549,638	
Total		654,233
Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.		31,202
Long-term liabilities and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds - Serial/Term	1,585,000	
General Obligation Bonds - Capital Appreciation Bonds	1,299,986	
Accretion on Capital Appreciation Bonds	304,556	
Bond Premium	55,082	
Refunding Difference	(23,943)	
Compensated Absences	1,336,780	
Accrued Interest Payable	3,302	
Total		(4,560,763)
<i>Net Assets of Governmental Activities</i>		\$7,475,806

See accompanying notes to the basic financial statements

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

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$5,879,095	\$741,718	\$0	\$6,620,813
Intergovernmental	10,448,122	265,850	2,788,876	13,502,848
Interest	102,519	0	531	103,050
Tuition and Fees	507,430	0	9,233	516,663
Extracurricular Activities	0	0	134,400	134,400
Gifts and Donations	7,725	0	59,152	66,877
Charges for Services	0	0	318,553	318,553
Miscellaneous	23,240	0	3,210	26,450
<i>Total Revenues</i>	<u>16,968,131</u>	<u>1,007,568</u>	<u>3,313,955</u>	<u>21,289,654</u>
Expenditures				
Current:				
Instruction:				
Regular	8,058,410	0	1,041,127	9,099,537
Special	1,453,889	0	940,835	2,394,724
Vocational	733,807	0	0	733,807
Support Services:				
Pupil	499,726	0	52,030	551,756
Instructional Staff	341,859	0	177,506	519,365
Board of Education	60,536	0	0	60,536
Administration	1,777,560	0	88,800	1,866,360
Fiscal	440,080	20,685	0	460,765
Business	0	0	53,725	53,725
Operation and Maintenance of Plant	2,278,372	0	46,704	2,325,076
Pupil Transportation	1,733,079	0	365	1,733,444
Operation of Non-Instructional Services	113,292	0	1,169	114,461
Food Service Operations	0	0	827,433	827,433
Extracurricular Activities	278,336	0	116,544	394,880
Debt Service:				
Principal Retirement	67,000	158,388	0	225,388
Capital Appreciation Bonds Interest	0	676,612	0	676,612
Interest and Fiscal Charges	3,040	57,225	0	60,265
<i>Total Expenditures</i>	<u>17,838,986</u>	<u>912,910</u>	<u>3,346,238</u>	<u>22,098,134</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(870,855)	94,658	(32,283)	(808,480)
Other Financing Source				
Sale of Assets	250	0	0	250
<i>Net Change in Fund Balances</i>	(870,605)	94,658	(32,283)	(808,230)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>137,521</u>	<u>1,415,875</u>	<u>(184,572)</u>	<u>1,368,824</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$733,084)</u>	<u>\$1,510,533</u>	<u>(\$216,855)</u>	<u>\$560,594</u>

See accompanying notes to the basic financial statements

Buckeye Local School District
*Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2008*

Net Change in Fund Balances - Total Governmental Funds (\$808,230)

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

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

Capital Asset Additions	343,023	
Current Year Depreciation	<u>(502,709)</u>	
Total		(159,686)

Capital Assets donated to the School District which did not result in capital outlay in the Governmental Funds. 38,985

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

Intergovernmental	9,159	
Tuition and Fees	60,718	
Property Taxes	<u>(10,698)</u>	
Total		59,179

Repayment of principal and accretion is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

General Obligation Bonds	75,000	
Capital Appreciation Bonds	83,388	
Payment of Capital Appreciation Bond Accretion	676,612	
Capital Leases	<u>67,000</u>	
Total		902,000

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities, and the accretion of interest of capital appreciation bonds is reported in the statement of activities.

Accretion of Interest	(116,216)	
Accrued Interest	<u>156</u>	
Total		(116,060)

Issuance costs are reported as an expenditure when paid in governmental funds, but are allocated as an expense over the life of the outstanding debt on the statement of activities. (9,601)

Bond premiums are reported as other financing sources in the governmental funds, but are allocated as an expense over the life of the bonds on the statement of activities. 16,949

Refunding gains are reported as an expenditure in the governmental funds, but are allocated as a reduction of an expense over the life of the bonds. (7,368)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences Payable		<u>(384,675)</u>
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Changes in Net Assets of Governmental Activities (\$468,507)

See accompanying notes to the basic financial statements

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$6,120,177	\$6,120,177	\$6,120,177	\$0
Intergovernmental	10,581,694	10,444,848	10,448,122	3,274
Interest	103,830	102,519	102,519	0
Tuition and Fees	513,917	507,430	507,430	0
Gifts and Donations	7,824	7,725	7,725	0
Miscellaneous	23,099	23,240	23,240	0
<i>Total Revenues</i>	<u>17,350,541</u>	<u>17,205,939</u>	<u>17,209,213</u>	<u>3,274</u>
Expenditures				
Current:				
Instruction:				
Regular	8,181,597	7,970,545	7,970,545	0
Special	1,482,751	1,446,921	1,446,921	0
Vocational	737,061	719,250	719,250	0
Support Services:				
Pupils	489,575	477,745	477,745	0
Instructional Staff	323,370	315,556	315,556	0
Board of Education	62,870	61,351	61,351	0
Administration	1,819,941	1,775,963	1,775,963	0
Fiscal	450,635	439,746	439,746	0
Operation and Maintenance of Plant	2,333,479	2,277,092	2,277,092	0
Pupil Transportation	1,757,705	1,715,231	1,715,231	0
Food Service Operation	116,097	113,292	113,292	0
Extracurricular Activities	286,586	277,514	277,514	0
Debt Service:				
Principal Retirement	64,597	67,000	67,000	0
Interest and Fiscal Charges	7,177	3,040	3,040	0
<i>Total Expenditures</i>	<u>18,113,441</u>	<u>17,660,246</u>	<u>17,660,246</u>	<u>0</u>
Excess of Revenues Under Expenditures	<u>(762,900)</u>	<u>(454,307)</u>	<u>(451,033)</u>	<u>3,274</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	250	250	0
Advances In	46,243	46,243	46,243	0
Advances Out	(5,699)	(5,699)	(5,699)	0
Total Other Financing Sources (Uses)	<u>40,544</u>	<u>40,794</u>	<u>40,794</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(722,356)</u>	<u>(413,513)</u>	<u>(410,239)</u>	<u>3,274</u>
<i>Fund Balance Beginning of Year</i>	1,264,934	1,264,934	1,264,934	0
Prior Year Encumbrances Appropriated	<u>2,622</u>	<u>2,622</u>	<u>2,622</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$545,200</u></u>	<u><u>\$854,043</u></u>	<u><u>\$857,317</u></u>	<u><u>\$3,274</u></u>

See accompanying notes to the basic financial statements

Buckeye Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Private Purpose Trust Fund	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$79,929	\$74,847
<i>Total Assets</i>	79,929	\$74,847
Liabilities		
Due to Students	0	\$74,847
<i>Total Liabilities</i>	0	\$74,847
Net Assets		
Held in Trust for Scholarships	79,929	
<i>Total Net Assets</i>	\$79,929	

See accompanying notes to the basic financial statements

Buckeye Local School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2008

	Private Purpose Trust Fund
Additions	
Contributions and Donations	\$5,165
Interest	1,612
Total Additions	6,777
Deductions	
Scholarships Awarded	3,397
<i>Change in Net Assets</i>	3,380
<i>Net Assets Beginning of Year</i>	76,549
<i>Net Assets End of Year</i>	\$79,929

See accompanying notes to the basic financial statements

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Buckeye Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The School District was created by the consolidation in 1965 of Adena, Dillonvale, Mount Pleasant, Brilliant, Smithfield and Yorkville Local School Districts, and by a merger with the Warren Consolidated School District in 1966. The School District serves an area of approximately 136 square miles encompassing most of the southern half of Jefferson County, extending west into Harrison County and south into Belmont County. It is staffed by 109 non-certified employees, 182 certified full-time teaching personnel, and 13 administrative employees who provide services to 2,369 students and other community members. The School District currently operates 7 instructional buildings and 1 administrative-bus garage building.

Reporting Entity:

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Buckeye Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. No separate governmental units meet the criteria for inclusion as a component unit.

The School District is involved with four organizations, all of which are defined as jointly governed organizations. These organizations are the Jefferson County Joint Vocational School, the Ohio Mid-Eastern Educational Service Agency (OME-RESA), East Central Ohio Special Education Regional Resource Center (ECOSERRC), and the Coalition of Rural and Appalachian Schools (CORAS). These organizations are presented in Note 17.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however has no business type activities.

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

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District has no proprietary funds.

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

General fund The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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

Fiduciary Fund Types 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 School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has a private purpose trust fund which accounts for a college scholarship program for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

Fund Financial Statements 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.

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. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Cash and Cash Equivalents

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

During fiscal year 2008, investments were limited to nonnegotiable certificates of deposit, money market mutual funds, Federal Home Loan Bank Bonds, Federal National Mortgage Association Notes and State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market price or current share price.

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$102,519 which includes \$60,139 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

F. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by law through enabling legislation. Restricted assets in the general fund include amounts required by State Statute to be set aside to create a reserve for budget stabilization and for unexpended resources restricted for the purchase of buses.

G. Prepaid Items

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

H. Inventory

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

I. Capital Assets

The only capital assets of the School District are general capital assets. These assets result from expenditures in the governmental funds and 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 retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

<u>Description</u>	<u>Estimated Lives</u>
Land	N/A
Land Improvements	20-50 years
Buildings and Improvements	20-50 years
Furniture and Equipment	5-20 years
Vehicles	5-10 years

J. 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 on the statement of net assets.

K. Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based in the School District's past experience of making termination payments.

The entire sick leave benefit liability is reported on the government-wide financial statements.

On the government fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured severance payable" in the fund from which the employees will be paid.

L. Accrued Liabilities and Long-term Obligations

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

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

M. Bond Premiums, Discounts, Gains/Losses on Refinancing and Issuance Costs

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond issuance costs and bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recorded as deferred charges and amortized over the term of the related debt. Bond discounts on the capital appreciation bonds are deferred and accreted over the term of the bonds.

Any gain/loss on refunding is allocated over the life of the old debt or the new debt whichever is shorter.

On the governmental fund financial statements issuance costs, bond premiums, and bond discounts are recognized in the current period. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Internal Activity

Transfers within governmental activities on the government-wide statements are reported in the same manner as general revenues.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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 financial statements.

O. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, bus purchases, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State Statute. The reserve for bus purchase is for state funds required to be utilized for the purchase of school buses. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include resources from local sources restricted to expenditures for student programs. Of the total restricted net assets, none has resulted from enabling legislation.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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

Q. 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.

R. Estimates

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

S. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The treasurer is given the authority to further allocate fund appropriations within all funds. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate in effect when the final appropriations were passed by the Board.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from the prior year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2008, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the STRS and the SERS post-employment healthcare plans in the amount of \$23,252, and \$59,441, respectively, which are the same as the previously reported liabilities.

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

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

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual (Budget Basis) General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the general fund:

Buckeye Local School District
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For the Fiscal Year Ended June 30, 2008

Net Change in Fund Balance	
	General
GAAP Basis	(\$870,605)
Revenue Accruals	241,082
Advances In	46,243
Expenditure Accruals	179,176
Advances Out	(5,699)
Encumbrances	(436)
Budget Basis	(\$410,239)

NOTE 5 – FUND DEFICITS

At June 30, 2008, the following funds had deficit fund balances:

	<u>Deficit Fund Balance</u>
General Fund	\$733,084
Miscellaneous State Grants	137,536
Food Service	173,637

The deficit in the General Fund was created by expenditures exceeding revenues as well as the application of generally accepted accounting principles. The School District will monitor future spending.

The deficits in the miscellaneous state grants special revenue fund was created by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The deficit in the food service special revenue fund is due to cash advances, the application of generally accepted accounting principles, as well as a failure to adequately fund this program. The School District is currently monitoring its financial condition and is implementing the point of sale system, eliminating ala carte items and raising lunch prices to increase revenues and reduce spending.

NOTE 6 - CASH AND CASH EQUIVALENTS

Monies held by the School District are classified by State statute into three categories.

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

Inactive deposits are public deposits that the Board 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.

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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 held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio).
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,659,925 of the School District's bank balance of \$1,944,045 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no policy for custodial risk for deposits beyond the requirements of State Statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to

Buckeye Local School District
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secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

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

	Fair Value	Maturity	Percent of Total Investments	Rating	Rating Agency
Money Market Mutual Fund	\$1,082	55 Days	0.13%	AAAm	S&P
Federal Home Loan Bank Bond (1)	400,252	7/22/2011	47.28%	AAA	S&P
Federal Home Loan Bank Bond (2)	278,950	3/5/2012	32.95%	AAA	S&P
Federal National Mortgage Association Note (3)	49,781	2/14/2011	5.88%	AAA	S&P
STAR Ohio	116,420	53.80 Days	13.75%	AAAm	S&P
	<u>\$846,485</u>		<u>100.00%</u>		
Totals					

(1) = Callable on July 22, 2008.

(2) = Continuously callable from September 5, 2008

(3) = Callable on August 14, 2008.

Note: As of the date of the financial statements, all of the investments were still held by the School District.

Interest Rate Risk. The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years, and allows for the withdrawal of funds from approved public depositories or sale of negotiable instruments prior to maturity. State Statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk. The credit ratings for the School District's securities are listed above. The School District has no investment policy that addresses credit risk.

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

Concentration of Credit Risk. The School District places no limit on the amount it may invest in any one issuer. The percentage of total investments is listed in the table above.

NOTE 7 - PROPERTY TAXES

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

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Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2008 (other than public utility property tax) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value listed as of December 31, 2007. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Belmont, Harrison and Jefferson Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2008 was \$300,873 in the general fund and \$42,579 in the debt service fund. The amount available as an advance at June 30, 2007, was \$541,955 in the general fund and \$68,034 in the debt service fund.

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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

	2007 Second Half Collections		2008 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$180,439,870	64.2%	\$181,760,460	65.4%
Public Utility Personal	89,150,730	31.7%	92,411,500	33.2%
General Business Property	11,375,148	4.1%	3,818,880	1.4%
	\$280,965,748	100.0%	\$277,990,840	100.0%
Tax Rate per \$1,000 of assessed valuation		\$30.40		\$30.40

NOTE 8 - RECEIVABLES

Receivables at June 30, 2008 consisted of property taxes, interfund, and intergovernmental grants. 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. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$549,638 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amounts</u>
IDEA B	\$62,647
Title VI	4,941
Title I	84,352
Title II-A	33,240
Title II-D	784
Preschool Grant	6,894
Excess Cost Reimbursements	60,718
Total Intergovernmental Receivables	\$253,576

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 9 – CAPITAL ASSETS

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

	Balance at 6/30/07	Additions	Deletions	Balance at 6/30/08
Capital Assets - Not Depreciated:				
Land	\$597,049	\$0	\$0	\$597,049
Capital Assets - Depreciated:				
Land Improvements (1)	829,604	133,289	0	962,893
Buildings and Improvements	17,570,526	88,983	0	17,659,509
Furniture and Equipment	929,238	30,599	0	959,837
Vehicles	1,755,214	129,137	(79,851)	1,804,500
Total Capital Assets - Depreciated	21,084,582	382,008	(79,851)	21,386,739
Less Accumulated Depreciation:				
Land Improvements	(692,669)	(31,658)	0	(724,327)
Buildings and Improvements	(8,253,627)	(301,214)	0	(8,554,841)
Furniture and Equipment	(623,050)	(55,109)	0	(678,159)
Vehicles	(1,201,044)	(114,728)	79,851	(1,235,921)
Total Accumulated Depreciation	(10,770,390)	(502,709)	79,851	(11,193,248)
Total Capital Assets - Depreciated, Net	10,314,192	(120,701)	0	10,193,491
Governmental Capital Assets, Net	\$10,911,241	(\$120,701)	\$0	\$10,790,540

(1) Of the total asset additions of \$382,008, \$38,985 represents the contribution of a walking track from Jefferson County and the Village of Dillonvale.

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$183,593
Special	39,158
Vocational	28,472
Support Services:	
Instructional Staff	42,170
Board of Education	445
Administration	37,156
Operation and Maintenance of Plant	47,286
Pupil Transportation	109,669
Food Service Operations	10,266
Extracurricular Activities	4,494
Total Depreciation Expense	<u>\$502,709</u>

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 10 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008 the School District contracted with Indiana Insurance for property and inland marine coverage, and for fleet insurance, and liability insurance. The type and amount of coverage provided by the Indiana Insurance Company follows:

Commercial Property Coverage - Blanket	\$54,168,223
Property Deductible	1,000
Auto Liability - Combined Single Limit	1,000,000
Uninsured Motorists	1,000,000
Medical Payments	5,000
Comprehensive (ACV) and Towing	250 deductible
Collision (ACV)	500 deductible
Hired and Non-Owned Liability	1,000,000
 Educational General Liability:	
Bodily Injury and Property Damage - Each Occurrence Limit and Sexual Abuse Injury - Each Sexual Abuse Offense Limit (\$2,500 Bodily Injury Deductible)	\$1,000,000
Personal and Advertising Injury - Each Offense Limit	1,000,000
Fire Damage - Any One Event Limit	300,000
Medical Expense - Any One Person Limit	15,000
Each Accident Limit	15,000
General Aggregate Limit	2,000,000
Products-Completed Operations Aggregate Limit	2,000,000
Employers Liability:	
Bodily Injury by Accident - Each Accident Limit	1,000,000
Bodily Injury by Disease - Endorsement Limit	1,000,000
Bodily Injury by Disease - Each Employee Limit	1,000,000
Employee Benefits Liability:	
Each Offense Limit	1,000,000
Aggregate Limit	3,000,000
Educational Legal Liability :	
Errors and Omissions Injury Limit (\$2,500 Deductible)	1,000,000
Errors and Omissions Injury Aggregate Limit	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year. The School District pays the State a rate per \$100 of salaries for workers' compensation.

Buckeye Local School District
Notes to the Basic Financial Statements
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NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employee Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$194,841, \$258,390, and \$220,927 respectively; 34.88 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System

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

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.

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For the Fiscal Year Ended June 30, 2008

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 the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$1,212,794, \$1,167,810, and \$1,105,625 respectively; 71.46 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$10,140 made by the School District and \$7,457 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2008, two members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition,

Buckeye Local School District
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For the Fiscal Year Ended June 30, 2008

employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$88,912, \$85,786, and \$77,099 respectively; 34.88 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$14,039, \$17,571, and \$17,584 respectively; 34.88 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health 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 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 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$80,551, \$77,544, and \$78,609 respectively; 71.46 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and certain administrators earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. All employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave up to a maximum accumulation of 250 days for teachers and administrators. In lieu of the 25 percent retirement payment, the certified staff may choose to receive retirement pay consisting of fifty dollars for each day of accumulated, unused sick leave on the date of retirement. For the classified employees, payment upon retirement is 30 percent of accrued, but unused accumulated sick leave up to a maximum accumulation of 250 days.

Buckeye Local School District
Notes to the Basic Financial Statements
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B. Insurance Benefits

The School District provides medical, health, and prescription card coverage for all eligible employees through the Health Plan HMO. The School District pays 100 percent of the total monthly premiums of \$939.76 for family coverage and \$324.05 for single coverage.

Dental coverage is provided through Met Life. The School District also pays 100 percent of the total monthly premiums of \$52.62 for family coverage and \$15.95 for single coverage.

The School District provides life insurance and accidental death and dismemberment insurance to employees through CoreSource in the amount of \$30,000 per employee.

NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the School District entered into a capitalized lease for the purchase and improvement of a building which currently houses the bus garage and the administrative offices.

The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

The building acquired by lease has been capitalized in government wide statements governmental activities in the amount of \$332,990, which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government wide statements governmental activities. Governmental activities assets are reflected net of accumulated depreciation, with the book value being \$283,041. Principal payments in fiscal year 2008 totaled \$67,000 in the governmental funds, resulting in the capital lease being completely repaid during fiscal year 2008.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 15 - LONG - TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2008 were as follows:

	Outstanding 6/30/07	Additions	Reductions	Outstanding 6/30/08	Amounts Due Within One Year
General Obligation Bonds:					
1993 School Improvement Refunding Bonds \$3,749,794					
Capital Appreciation Bonds \$574,794 @ 5.2%-5.6%	\$83,388	\$0	\$83,388	\$0	\$0
Accretion of Interest - \$3,205,206 @ 15.95%-16.0%	630,002	46,610	676,612	0	0
2003 School Improvement Refunding Bonds \$3,174,986					
Serial Bonds - \$1,875,000 @ 1.5%-3.75%	1,660,000	0	75,000	1,585,000	0
Capital Appreciation Bonds - \$1,299,986 @ 2.88%-3.23%	1,299,986	0	0	1,299,986	664,376
Accretion of Interest - \$370,014 @ 4.476%	234,950	69,606	0	304,556	170,624
Premium - \$135,589	72,031	0	16,949	55,082	0
Refunding Difference - \$58,941	(31,311)	0	(7,368)	(23,943)	0
Total General Obligation Bonds	3,949,046	116,216	844,581	3,220,681	835,000
Capital Leases	67,000	0	67,000	0	0
Compensated Absences	952,105	680,963	296,288	1,336,780	98,763
Total General Long-Term Obligations	\$4,968,151	\$797,179	\$1,207,869	\$4,557,461	\$933,763

1993 School Improvement Refunding General Obligation Bonds – On June 1, 1993, Buckeye Local School District issued \$9,609,794 in voted general obligation bonds which included serial, term and capital appreciation (deep discount) bonds in the amount of \$5,860,000, \$3,175,000, and \$574,794, respectively. The general obligation bonds were issued for the purpose of refunding existing debt that had been used for improving, renovating, and remodeling existing school buildings and constructing, furnishing and equipping a new high school. The bonds were issued for an eighteen year period with final maturity at December 1, 2011. The bonds will be retired from the debt service fund. The proceeds of these bonds were placed in an irrevocable trust to provide for all future debt service payments on the refunded serial/term bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. On December 1, 2005, all refunded bonds were called and fully paid.

The full amount of the serial bonds have been retired by the School District through annual debt service repayments. The current interest term bonds were refunded during fiscal year 2004 through the issuance of the 2003 School Improvement Refunding Bonds addressed below.

The capital appreciation bonds were fully repaid during fiscal year 2008. These bonds were originally sold at a discount of \$3,205,206, which was accreted annually until the point of final maturity during 2008.

2003 School Improvement Refunding General Obligation Bonds – On October 1, 2003, the Buckeye Local School District issued \$3,174,986 of general obligation bonds. The bonds were issued to refund \$3,175,000 of outstanding 1993 School Improvement Refunding General Obligation Term Bonds. The bonds were issued for an 8 year period with final maturity at December 1, 2011. At the date of refunding, \$3,233,941 (including premium and after underwriting fees, and other issuance costs) was deposited in an

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

irrevocable trust to provide for all future debt service payments on the refunded 1993 School Improvement Refunding Term Bonds. All of the term bonds were called and fully repaid.

These refunding bonds were issued with a premium of \$135,589. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of the premium for fiscal year 2008 was \$16,949. The refunding bonds had issuance costs of \$76,807 and are being amortized over the life of the bonds using the straight-line method to deferred charges. The amortization of the issuance costs for fiscal year 2008 was \$9,601. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$58,941. This difference is being amortized to interest expense over the life of the bonds using the straight-line method. The fiscal year 2008 amortization was \$7,368.

The 2003 bond issue consists of serial and capital appreciation bonds, whose outstanding value at June 30, 2008 are \$1,585,000 and \$1,299,986 respectively. These bonds are not subject to early redemption.

The capital appreciation bonds for this issue mature December 1, 2008 through December 1, 2009. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as a liability. The maturity amount of outstanding capital appreciation bonds is \$1,670,000. For fiscal year 2008, \$69,606 was accreted for a total bond liability of \$1,604,542.

Principal and interest requirements to retire general obligation bonds for the 2003 School Improvement Refunding Bonds outstanding at June 30, 2008 are as follows:

Fiscal Year	2003 School Improvement Refunding Bonds					
	Serial Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Accretion/ Interest
2009	\$0	\$56,288	\$664,376	\$170,624	\$664,376	\$226,912
2010	0	56,287	635,610	199,390	635,610	255,677
2011	840,000	42,112	0	0	840,000	42,112
2012	745,000	13,969	0	0	745,000	13,969
Totals	<u>\$1,585,000</u>	<u>\$168,656</u>	<u>\$1,299,986</u>	<u>\$370,014</u>	<u>\$2,884,986</u>	<u>\$538,670</u>

Compensated absences will be paid from the general fund.

The School District's overall legal debt margin was \$23,155,303, with an unvoted debt margin of \$272,553 at June 30, 2008.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 16 – INTERNAL BALANCES

Interfund balances at June 30, 2008 consist of the following individual interfund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>
	<u>General Fund</u>
Other Nonmajor Governmental Funds	\$109,553

The interfund receivable in the general fund is for a loan to the miscellaneous federal grants special revenue fund to support the programs until the federal grant monies are received, as well as a loan to the food service special revenue fund for the subsidy of the food service program that is being repaid.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Jefferson County Joint Vocational School – The Jefferson County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the six participating school district’s elected boards, which possesses its own budgeting and taxing authority. During fiscal year 2007, the School District made no contributions to the Vocational School District. To obtain financial information write to the Jefferson County Joint Vocational School, Karen Spoonmore, who serves as Treasurer, at 1509 County Highway 22A, Bloomingdale, Ohio 43910.

Ohio Mid-Eastern Regional Educational Service Agency - The Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) was created as a regional council of governments pursuant to State statutes. OME-RESA has twelve participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Monroe, Noble, and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school district’s elected boards, which possesses its own budgeting and taxing authority. OME-RESA provides financial accounting services, educational management information, internet access, and cooperative purchasing services to member districts. The School District participates in the natural gas sales service program. This program allows schools to purchase natural gas at reduced rates. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage and any necessary adjustments are made. During fiscal year 2008, the total amount paid to OME-RESA from the School District was \$134,180 for cooperative gas purchasing services and \$63,766 for financial accounting services, educational management information, and internet access. The Jefferson County Educational Service Center serves as the fiscal agent and receives funding from the State Department of Education. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

East Central Ohio Special Education Regional Resource Center (ECOSERRC) – The East Central Ohio Special Education Regional Resource Center is a not-for-profit Council of Governments of various school districts and other organizations in east central Ohio. The ECOSERRC participates in services that assist the participants in complying with mandates of Public Law 101-476 and Public Law 99-457 for educating children with disabilities. There is no financial commitment made by the School District and the ECOSERRC is not financially dependent upon the continued participation of the School District. The School District does not maintain an equity interest in or financial responsibility for the ECOSERRC. As of July 1, 2008 the ECOSERRC ceased operations.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

The Coalition of Rural and Appalachian Schools (CORAS) - is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Council provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Council. The School District's membership fee was \$300 for fiscal year 2008.

NOTE 18 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the District's general fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve. During fiscal year 2002, the Board of Education passed a resolution to maintain only the refunds from the Bureau of Workers Compensation in the budget reserve pursuant to State Statute and at June 30, 2008 this is all that continues to be set aside.

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

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2007	\$0	\$0	\$115,961
Current Year Set-aside Requirement	361,299	361,299	0
Allowable Carry Forward from Fiscal Year 2007	(199,269)	0	0
Qualifying Disbursements	<u>(323,219)</u>	<u>(361,392)</u>	<u>0</u>
Totals	<u>(\$161,189)</u>	<u>(\$93)</u>	<u>\$115,961</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$161,189)</u>	<u>\$0</u>	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2008	<u>\$0</u>	<u>\$0</u>	<u>\$115,961</u>

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

The School District had offsets, and qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be carried forward to reduce future year requirements. The School District also had qualifying disbursements during the fiscal year that reduced the capital maintenance set-aside amount below zero. This extra amount may not be carried forward to future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$115,961.

NOTE 19 - CONTINGENCIES

A. Grants

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

B. Litigation

The School District is not currently party to legal proceedings.

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BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Food Distribution Program	03-PU-08	10.550		\$36,306		\$36,306
Nutrition Cluster						
National School Lunch Program	04-PU-08	10.555	\$115,333		\$115,333	
National School Breakfast Program	05-PU-08	10.553	416,050		416,050	
Total Nutrition Cluster			531,383		531,383	
Total U.S. Department of Agriculture			531,383	36,306	531,383	36,306
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States Title VI-B Flow Through	6B-SF-07 6B-SF-08	84.027			70,928	
			588,998		536,297	
Total Title VI-B			588,998		607,225	
Special Education - Preschool Grant	PG-S1-08	84.173	19,497		18,012	
Total Special Education Cluster			608,495		625,237	
Grants to Local Educational Agencies (ESEA Title I)						
	C1-S1-07 C1-S1-08	84.010	14,714		72,593	
			517,260		509,944	
Total Title I			531,974		582,537	
Inovative Education Strategies	C2-S1-08	84.298	700		5,641	
Total Innovative Education Strategies			700		5,641	
Drug-Free Schools Grant	DR-S1-08	84.186	16,506		17,686	
			16,506		17,686	
Title II A - Improving Teacher Quality	TR-S1-07 TR-S1-08	84.367	3,198		26,807	
			145,213		143,328	
Total Title II A			148,411		170,135	
Title II D - Education Technology State Grants	TJ-S1-07 TJ-S1-08	84.318	1,681		509	
			5,324		6,835	
Total Title II D			7,005		7,344	
Total Department of Education			1,313,091		1,408,580	
Total Federal Financial Assistance			<u>\$1,844,474</u>	<u>\$36,306</u>	<u>\$1,939,963</u>	<u>\$36,306</u>

The notes to the Federal Awards Expenditures Schedule are an integral part of this schedule.

**BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO FEDERAL AWARDS EXPENDITURES SCHEDULE
JUNE 30, 2008**

A. SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

B. CHILD NUTRITION CLUSTER

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

C. FOOD DISTRIBUTION

Non monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2008, the District had no significant food commodities in inventory.



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 Highway Route 150
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 Buckeye Local School District, Jefferson County, (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 27, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

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

We noted certain matters that we reported to the District's management in a separate letter dated February 27, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated February 27, 2009.

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

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

Mary Taylor, CPA
Auditor of State

February 27, 2009



Mary Taylor, CPA

Auditor of State

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

Buckeye Local School District
Jefferson County
6899 State Highway Route 150
Dillonvale, Ohio 43917

To the Board of Education:

Compliance

We have audited the compliance of Buckeye Local School District (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, 2008. 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 Government's compliance based on our audit.

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

In our opinion, Buckeye Local School 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, 2008.

Internal Control Over Compliance

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

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

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

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

We noted a certain matter that we reported to the District's management in a separate letter dated February 27, 2008.

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

February 27, 2009

**BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster 10.553 and 10.555 Improving Teacher Quality 84.367
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	School fundraiser did not collect all outstanding monies	Yes	



Mary Taylor, CPA
Auditor of State

BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON 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
MAY 7, 2009