



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, 2009, 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, 2009, 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 December 21, 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

December 21, 2009

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
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, 2009. 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 2009 are as follows:

- Net assets of governmental activities increased \$86,410.
- General revenues accounted for \$16,681,936 in revenue or 76 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$5,354,041 or 24 percent of total revenues of \$22,035,977.
- Total assets of governmental activities increased \$90,042 primarily due to increases in receivables.
- The School District had \$21,949,567 in expenses related to governmental activities; only \$5,354,041 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$16,681,936 were adequate to provide for these programs.
- The School District has two major funds, the General Fund and the Debt Service Fund. The General Fund had \$17,330,332 in revenues and \$17,463,927 in expenditures. Overall, including other financing sources (uses) the General Fund's balance decreased \$388,388. The Debt Service Fund had revenues in the amount of \$941,550 and expenditures in the amount of \$909,239 which resulted in a fund balance increase of \$32,311.

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, 2009
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 2009?" 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, 2009
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 2009 compared to 2008.

Table 1
Net Assets
Governmental Activities

	2009	2008	Change
Assets			
Current and Other Assets	\$10,420,078	\$9,868,676	\$551,402
Capital Assets	10,329,180	10,790,540	(461,360)
Total Assets	20,749,258	20,659,216	90,042
Liabilities			
Long-Term Liabilities	3,730,753	4,557,461	(826,708)
Other Liabilities	9,456,289	8,625,949	830,340
Total Liabilities	13,187,042	13,183,410	3,632
Net Assets			
Invested in Capital Assets	8,108,613	7,905,617	202,996
Restricted	1,868,552	1,815,225	53,327
Unrestricted (Deficit)	(2,414,949)	(2,245,036)	(169,913)
Total Net Assets	\$7,562,216	\$7,475,806	\$86,410

Total assets increased \$90,042 due primarily to increases in receivables.

Long-term liabilities decreased due to annual debt service payments which were offset by increases in accrued wages and benefits, intergovernmental payables, matures severance, and deferred revenues.

The net effect of changes in assets and liabilities resulted in an \$86,410 increase in total net assets of the School District's governmental activities.

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Table 2 shows the changes in net assets for the fiscal year 2009 compared to fiscal year 2008.

Table 2			
Changes in Net Assets			
Governmental Activities			
	2009	2008	Change
Revenues			
Program Revenues			
Charges for Services	\$1,014,458	\$1,030,334	(\$15,876)
Operating Grants and Contributions	4,294,567	3,722,122	572,445
Capital Grants and Contributions	45,016	61,158	(16,142)
Total Program Revenues	5,354,041	4,813,614	540,427
General Revenues			
Property Taxes	6,796,420	6,610,115	186,305
Grants and Entitlements not Restricted to Specific Programs	9,706,271	9,767,712	(61,441)
Others	179,245	196,627	(17,382)
Total General Revenues	16,681,936	16,574,454	107,482
Total Revenues	22,035,977	21,388,068	647,909
Program Expenses			
Instruction			
Regular	9,027,055	9,421,307	(394,252)
Special	2,700,051	2,380,602	319,449
Vocational	753,477	757,266	(3,789)
Student Intervention Services	256,058	0	256,058
Support Services			
Pupil	681,825	551,756	130,069
Instructional Staff	588,846	552,013	36,833
Board of Education	75,131	60,981	14,150
Administration	2,031,945	2,124,952	(93,007)
Fiscal	457,986	460,765	(2,779)
Business	61,320	53,725	7,595
Operation and Maintenance of Plant	2,208,021	2,189,077	18,944
Pupil Transportation	1,619,376	1,780,814	(161,438)
Operation of Non-Instructional Services	8,103	114,461	(106,358)
Food Service Operations	980,113	841,547	138,566
Extracurricular Activities	393,531	390,964	2,567
Interest and Fiscal Charges	106,729	176,345	(69,616)
Total Expenses	21,949,567	21,856,575	92,992
Increase (Decrease) in Net Assets	86,410	(468,507)	554,917
Net Assets Beginning of Year	7,475,806	7,944,313	(468,507)
Net Assets End of Year	\$7,562,216	\$7,475,806	\$86,410

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

In 2009, 31 percent of the School District's revenues were from property taxes and 44 percent were from unrestricted grants and entitlements. Program revenue operating grants and contributions increased from the prior fiscal year due primarily from the District being awarded a School Counselor Grant.

Instructional programs comprise approximately 58 percent of total governmental program expenses, and reflected a \$177,466 increase from fiscal year 2008. Overall, the School District experienced minimal increases in expenses. In previous years the student intervention costs were included with regular instruction.

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 2009 compared to fiscal year 2008. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Instruction				
Regular	\$9,027,055	\$9,421,307	\$7,675,896	\$7,831,701
Special	2,700,051	2,380,602	999,362	661,912
Vocational	753,477	757,266	600,101	589,496
Student Intervention Services	256,058	0	58,959	0
Support Services				
Pupil	681,825	551,756	506,848	497,680
Instructional Staff	588,846	552,013	330,559	369,526
Board of Education	75,131	60,981	75,131	60,981
Administration	2,031,945	2,124,952	1,803,404	2,033,498
Fiscal	457,986	460,765	213,607	460,765
Business	61,320	53,725	61,320	53,725
Operation and Maintenance of Plant	2,208,021	2,189,077	2,197,026	2,143,568
Pupil Transportation	1,619,376	1,780,814	1,573,640	1,758,295
Operation of Non-Instructional Services	8,103	114,461	(47)	113,277
Food Service Operations	980,113	841,547	156,319	35,628
Extracurricular Activities	393,531	390,964	236,672	256,564
Interest and Fiscal Charges	106,729	176,345	106,729	176,345
Total Expenses	\$21,949,567	\$21,856,575	\$16,595,526	\$17,042,961

The dependence upon tax revenues and state subsidies for governmental activities is apparent. Approximately 73 percent of instructional activities are supported through taxes and other general revenues. For all governmental activities general revenue support is approximately 76 percent.

Buckeye Local School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2009
 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 \$17,330,332 and expenditures of \$17,463,927, and the Debt Service Fund had total revenues of \$941,550 and expenditures of \$909,239. Overall, including other financing sources and (uses) the General Fund's balance decreased \$388,388, and the Debt Service Fund's balance increased \$32,311.

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 2009, 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 2009, the School District had \$10,329,180 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	
	2009	2008
Land	\$597,049	\$597,049
Land Improvements	206,606	238,566
Buildings and Improvements	8,803,084	9,104,668
Furniture and Equipment	250,108	281,678
Vehicles	472,333	568,579
Totals	\$10,329,180	\$10,790,540

Debt

At June 30, 2009, the School District had \$2,426,521 in bonds outstanding, including premiums, refunding differences, and accretion.

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2009	2008
2003 School Improvement Refunding		
Serial Bonds	\$1,585,000	\$1,585,000
Premium	38,133	55,082
Refunding Difference	(16,575)	(23,943)
Capital Appreciation Bonds	635,610	1,299,986
Accretion of Interest on Capital Appreciation Bonds	184,353	304,556
Total	<u>\$2,426,521</u>	<u>\$3,220,681</u>

See Note 14 for more detailed information on the School District's debt.

Economic Factors

During fiscal year 2009, eleven teachers and one OAPSE employee retired.

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 is pursuing an Ohio School Facilities Project which would reduce the number of School District buildings and reduce maintenance costs. The project was approved by the Board of Education and a bond issue of 5.2 mills and Permanent Improvement Levy of 1.5 mills was voted to be placed on the ballot in the August, 2009 election. See Subsequent Events Note 18 for additional information.

The Superintendent and Treasurer have been attending meetings with the public to inform the citizens about the School District's financial position and the Ohio School Facilities Project. In the event, that the levies are not be approved by the voters, the School District will determine alternative courses of action to address the financial issues.

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.

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Buckeye Local School District
Statement of Net Assets
June 30, 2009

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,947,685
Cash and Cash Equivalents in Segregated Accounts	2,924
Intergovernmental Receivable	318,130
Accrued Interest Receivable	1,145
Prepaid Items	1,441
Materials and Supplies Inventory	110,024
Property Taxes Receivable	7,430,357
Investments in Segregated Accounts	586,771
Deferred Charges	21,601
Non-Depreciable Capital Assets	597,049
Depreciable Capital Assets, Net	9,732,131
<i>Total Assets</i>	20,749,258
Liabilities	
Accounts Payable	22,961
Accrued Wages and Benefits Payable	1,958,881
Intergovernmental Payable	641,871
Matured Severance Payable	205,518
Accrued Interest Payable	3,302
Deferred Revenue	6,623,756
Long-Term Liabilities:	
Due Within One Year	930,506
Due In More Than One Year	2,800,247
<i>Total Liabilities</i>	13,187,042
Net Assets	
Invested in Capital Assets, Net of Related Debt	8,108,613
Restricted for:	
Debt Service	1,584,017
Budget Stabilization	115,961
Capital Maintenance	9,038
Bus Purchase	47,688
Federal Programs	11,316
Other Purposes	100,532
Unrestricted (Deficit)	(2,414,949)
<i>Total Net Assets</i>	\$7,562,216

See accompanying notes to the basic financial statements.

Buckeye Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2009

	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	\$9,027,055	\$553,672	\$797,487	\$0	(\$7,675,896)
Special	2,700,051	0	1,700,689	0	(999,362)
Vocational	753,477	0	153,376	0	(600,101)
Student Intervention Services	256,058	0	197,099	0	(58,959)
Support Services:					
Pupil	681,825	0	174,977	0	(506,848)
Instructional Staff	588,846	0	258,287	0	(330,559)
Board of Education	75,131	0	0	0	(75,131)
Administration	2,031,945	0	228,541	0	(1,803,404)
Fiscal	457,986	0	244,379	0	(213,607)
Business	61,320	0	0	0	(61,320)
Operation and Maintenance of Plant	2,208,021	0	10,995	0	(2,197,026)
Pupil Transportation	1,619,376	0	720	45,016	(1,573,640)
Operation of Non-Instructional Services	8,103	0	8,150	0	47
Food Service Operations	980,113	303,927	519,867	0	(156,319)
Extracurricular Activities	393,531	156,859	0	0	(236,672)
Interest and Fiscal Charges	106,729	0	0	0	(106,729)
<i>Total Governmental Activities</i>	<u>\$21,949,567</u>	<u>\$1,014,458</u>	<u>\$4,294,567</u>	<u>\$45,016</u>	<u>(\$16,595,526)</u>
General Revenues					
Property Taxes Levied for General Purposes					6,108,336
Property Taxes Levied for Debt Service					688,084
Grants and Entitlements not Restricted to Specific Programs					9,706,271
Investment Earnings					52,812
Gifts and Donations					78,376
Miscellaneous					48,057
<i>Total General Revenues</i>					<u>16,681,936</u>
Change in Net Assets					86,410
<i>Net Assets Beginning of Year</i>					<u>7,475,806</u>
<i>Net Assets End of Year</i>					<u><u>\$7,562,216</u></u>

See accompanying notes to the basic financial statements.

Buckeye Local School District
Balance Sheet
Governmental Funds
June 30, 2009

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$150,097	\$1,511,711	\$113,190	\$1,774,998
Cash and Cash Equivalents in Segregated Accounts	2,924	0	0	2,924
Investments in Segregated Accounts	586,771	0	0	586,771
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	172,687	0	0	172,687
Receivables:				
Property Taxes	6,707,765	722,592	0	7,430,357
Intergovernmental	131,384	0	186,746	318,130
Accrued Interest	1,145	0	0	1,145
Interfund	9,331	0	0	9,331
Prepaid Items	1,441	0	0	1,441
Materials and Supplies Inventory	96,361	0	13,663	110,024
<i>Total Assets</i>	<u>\$7,859,906</u>	<u>\$2,234,303</u>	<u>\$313,599</u>	<u>\$10,407,808</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$22,913	\$0	\$48	\$22,961
Accrued Wages and Benefits Payable	1,615,375	0	343,506	1,958,881
Matured Severance Payable	205,518	0	0	205,518
Interfund Payable	0	0	9,331	9,331
Intergovernmental Payable	548,376	0	93,495	641,871
Deferred Revenue	6,589,196	691,459	40,473	7,321,128
<i>Total Liabilities</i>	<u>8,981,378</u>	<u>691,459</u>	<u>486,853</u>	<u>10,159,690</u>
Fund Balances (Deficit)				
Reserved for Property Taxes	250,895	31,133	0	282,028
Reserved for Budget Stabilization	115,961	0	0	115,961
Reserved for Reserved for Bus Purchase	47,688	0	0	47,688
Reserved for Reserved for Capital Maintenance	9,038	0	0	9,038
Unreserved, Undesignated, Reported in:				
General Fund	(1,545,054)	0	0	(1,545,054)
Special Revenue Funds	0	0	(175,651)	(175,651)
Debt Service Fund	0	1,511,711	0	1,511,711
Capital Projects Funds	0	0	2,397	2,397
<i>Total Fund Balances (Deficit)</i>	<u>(1,121,472)</u>	<u>1,542,844</u>	<u>(173,254)</u>	<u>248,118</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$7,859,906</u>	<u>\$2,234,303</u>	<u>\$313,599</u>	<u>\$10,407,808</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, 2009*

Total Governmental Fund Balances \$248,118

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

Capital assets used in governmental activities are not financial
resources and therefore are deferred in the funds. 10,329,180

Other long-term assets are not available to pay for current-
period expenditures and therefore are deferred in the funds:

Grants	40,473
Interest	942
Tuition and Fees	131,384
Property Taxes	524,573

Total 697,372

Unamortized issuance costs represent deferred charges which
do not provide current financial resources and, therefore, are
not reported in the funds. 21,601

In the statement of activities, interest is accrued on outstanding general
obligation bonds, whereas in governmental funds, an interest expenditure
is reported when due. (3,302)

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	1,585,000
General Obligation Bonds - Capital Appreciation Bonds	635,610
Accretion on Capital Appreciation Bonds	184,353
Bond Premium	38,133
Refunding Difference	(16,575)
Compensated Absences	1,304,232

Total (3,730,753)

Net Assets of Governmental Activities \$7,562,216

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, 2009

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$6,124,314	\$697,171	\$0	\$6,821,485
Intergovernmental	10,628,371	244,379	3,176,508	14,049,258
Interest	51,638	0	232	51,870
Tuition and Fees	475,300	0	7,706	483,006
Extracurricular Activities	0	0	156,859	156,859
Gifts and Donations	8,607	0	69,769	78,376
Charges for Services	0	0	303,927	303,927
Miscellaneous	42,102	0	5,955	48,057
<i>Total Revenues</i>	<u>17,330,332</u>	<u>941,550</u>	<u>3,720,956</u>	<u>21,992,838</u>
Expenditures				
Current:				
Instruction:				
Regular	8,021,646	0	842,995	8,864,641
Special	1,614,695	0	1,007,348	2,622,043
Vocational	731,652	0	0	731,652
Student Intervention Services	62,852	0	193,206	256,058
Support Services:				
Pupil	490,144	0	191,681	681,825
Instructional Staff	275,934	0	270,690	546,624
Board of Education	74,686	0	0	74,686
Administration	1,785,264	0	247,231	2,032,495
Fiscal	440,035	17,951	0	457,986
Business	0	0	61,320	61,320
Operation and Maintenance of Plant	2,164,299	0	10,903	2,175,202
Pupil Transportation	1,537,075	0	706	1,537,781
Operation of Non-Instructional Services	0	0	8,103	8,103
Food Service Operations	0	0	976,027	976,027
Extracurricular Activities	265,645	0	123,038	388,683
Debt Service:				
Principal Retirement	0	664,376	0	664,376
Capital Appreciation Bonds Interest	0	170,624	0	170,624
Interest and Fiscal Charges	0	56,288	0	56,288
<i>Total Expenditures</i>	<u>17,463,927</u>	<u>909,239</u>	<u>3,933,248</u>	<u>22,306,414</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(133,595)</u>	<u>32,311</u>	<u>(212,292)</u>	<u>(313,576)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	1,100	0	0	1,100
Transfers In	0	0	255,893	255,893
Transfers Out	(255,893)	0	0	(255,893)
Total Other Financing Sources (Uses)	<u>(254,793)</u>	<u>0</u>	<u>255,893</u>	<u>1,100</u>
<i>Net Change in Fund Balances</i>	(388,388)	32,311	43,601	(312,476)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(733,084)</u>	<u>1,510,533</u>	<u>(216,855)</u>	<u>560,594</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$1,121,472)</u>	<u>\$1,542,844</u>	<u>(\$173,254)</u>	<u>\$248,118</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, 2009*

Net Change in Fund Balances - Total Governmental Funds (\$312,476)

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	40,313	
Current Year Depreciation	(499,674)	
Total	(459,361)	(459,361)

Capital Assets removed from the capital asset account on the statement of net assets results in a gain or loss on disposal of capital assets on the statement of activities. (1,999)

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

Intergovernmental	(3,404)	
Interest	942	
Tuition and Fees	70,666	
Property Taxes	(25,065)	
Total	43,139	43,139

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.

Capital Appreciation Bonds	664,376	
Payment of Capital Appreciation Bond Accretion	170,624	
Total	835,000	835,000

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. (50,421)

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	32,548	
	32,548	

Changes in Net Assets of Governmental Activities \$86,410

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, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$6,174,292	\$6,174,292	\$6,174,292	\$0
Intergovernmental	10,918,652	10,627,090	10,628,371	1,281
Interest	53,042	51,435	51,435	0
Tuition and Fees	490,149	475,300	475,300	0
Gifts and Donations	8,876	8,607	8,607	0
Miscellaneous	55,290	42,102	42,102	0
<i>Total Revenues</i>	<u>17,700,301</u>	<u>17,378,826</u>	<u>17,380,107</u>	<u>1,281</u>
Expenditures				
Current:				
Instruction:				
Regular	8,125,243	7,898,084	7,898,084	0
Special	1,587,266	1,547,038	1,547,038	0
Vocational	761,720	742,415	742,415	0
Student Intervention Services	63,393	61,786	61,786	0
Support Services:				
Pupils	505,397	492,588	492,588	0
Instructional Staff	279,928	272,833	272,833	0
Board of Education	69,743	67,975	67,975	0
Administration	1,809,694	1,763,829	1,763,829	0
Fiscal	439,129	428,000	428,000	0
Operation and Maintenance of Plant	2,168,305	2,113,351	2,113,351	0
Pupil Transportation	1,560,733	1,521,178	1,521,178	0
Extracurricular Activities	268,538	261,733	261,733	0
<i>Total Expenditures</i>	<u>17,639,089</u>	<u>17,170,810</u>	<u>17,170,810</u>	<u>0</u>
Excess of Revenues Over Expenditures	<u>61,212</u>	<u>208,016</u>	<u>209,297</u>	<u>1,281</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	1,100	1,100	0
Advances In	5,699	5,699	5,699	0
Transfers Out	(155,992)	(152,039)	(152,039)	0
Advances Out	(9,331)	(9,331)	(9,331)	0
Total Other Financing Sources (Uses)	<u>(159,624)</u>	<u>(154,571)</u>	<u>(154,571)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(98,412)	53,445	54,726	1,281
<i>Fund Balance Beginning of Year</i>	857,326	857,326	857,326	0
Prior Year Encumbrances Appropriated	427	427	427	0
<i>Fund Balance End of Year</i>	<u>\$759,341</u>	<u>\$911,198</u>	<u>\$912,479</u>	<u>\$1,281</u>

See accompanying notes to the basic financial statements.

Buckeye Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Private Purpose Trust Fund	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$130,877	\$68,372
<i>Total Assets</i>	130,877	\$68,372
Liabilities		
Due to Students	0	\$68,372
<i>Total Liabilities</i>	0	\$68,372
Net Assets		
Held in Trust for Scholarships	130,877	
<i>Total Net Assets</i>	\$130,877	

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, 2009

	Private Purpose Trust Fund
Additions	
Contributions and Donations	\$50,090
Interest	927
	51,017
Deductions	
Scholarships Awarded	69
	50,948
<i>Change in Net Assets</i>	50,948
<i>Net Assets Beginning of Year</i>	79,929
	\$130,877
	\$130,877

See accompanying notes to the basic financial statements.

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Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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 122 non-certified employees, 174 certified full-time teaching personnel, 2 certified half-time teaching personnel and 13 administrative employees who provide services to 2,257 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), the Coalition of Rural and Appalachian Schools (CORAS), and the Educational Regional Service System Region 12 (ERSS). These organizations are presented in Note 16.

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, 2009

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.

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, 2009

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, 2009

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, 2009, but which were levied to finance fiscal year 2010 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 2009, investments were limited to nonnegotiable certificates of deposit, negotiable certificates of deposit, money market mutual funds 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, 2009.

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 2009 amounted to \$51,638 which includes \$31,654 assigned from other School District funds.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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.

The money market account and the negotiable and nonnegotiable certificate of deposits are reported as cash equivalents in segregated accounts and investments in segregated accounts.

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, for capital maintenance, and for unexpended resources restricted for the purchase of buses. See Note 17 for additional information regarding set-asides.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, 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.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

<u>Description</u>	<u>Estimated Lives</u>
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.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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 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 property taxes, bus purchases, capital maintenance 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. The reserve for capital maintenance is for amounts required to be set-aside by Statute for capital maintenance costs.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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.

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.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2009, Buckeye Local School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations, GASB Statement No. 52, “Land and Other Real Estate Held as Investments by Endowments”, GASB Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”, and GASB Statement No. 56, “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards”.

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the statement excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and postclosure care and nuclear power plant decommissioning. The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 52 requires endowments, including permanent funds, to report land and other real estate investments at fair value, and to report the changes in fair value as investment income. The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board’s (GASB) authoritative literature. The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board’s (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants’ Statements on Auditing Standards. 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).

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

4. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Transfers Out that were reported in the General Fund for food service operations (budget) as opposed to the resources being transferred as required by Statute, to the Food Service Fund (GAAP).

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

	Net Change in Fund Balance	General
GAAP Basis		(\$388,388)
Revenue Accruals		49,775
Advances In		5,699
Expenditure Accruals		293,117
Advances Out		(9,331)
Transfers Out		103,854
Budget Basis		\$54,726

NOTE 5 – FUND DEFICITS

At June 30, 2009, the following funds had deficit fund balances:

	Deficit Fund Balance
General Fund	\$1,121,472
Food Service	69,977
Miscellaneous State Grants	123,631
Miscellaneous Federal Grants	64,191
Title I	18,384

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 Fund, the Miscellaneous Federal Grants Fund and the Title I Fund Special Revenue Funds were 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 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 has implemented the point of sale system, eliminated ala carte items, and raised lunch prices to increase revenues and reduce spending. In addition, the School District reduced hours for 13 regular, full-time head and assistant cook positions by 8.33 percent or from six regular hours per day to five and one half regular hours per work day.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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.

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.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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, \$1,686,064 of the School District's bank balance of \$2,471,992 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 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, 2009, 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 Central Bank Ellaville	\$2,924	57 Days	0.71%	AAAm	S&P
Negotiable CD Citi Bank Salt Lake	100,369	5/25/2010	24.44%	N/A	N/A
Negotiable CD Georgian Bank Atlanta	94,666	12/3/2010	23.06%	N/A	N/A
Negotiable CD STAR Ohio	94,736	6/13/2011	23.07%	N/A	N/A
	117,905	58.1 Days	28.72%	AAAm	S&P
Totals	\$410,600		100.00%		

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. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. 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 negotiable certificates of deposit are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's

Buckeye Local School District
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For the Fiscal Year Ended June 30, 2009

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.

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 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, 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 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009 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 2009 (other than public utility property tax) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008 on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, 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, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property and tangible personal property taxes which were measurable as of June 30, 2009 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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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, 2009 was \$250,895 in the General Fund and \$31,133 in the Debt Service Fund. 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.

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

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$158,227,160	62.2%	\$158,767,420	58.6%
Public Utility Personal	90,908,050	35.7%	112,022,160	41.4%
General Business Property	5,330,722	2.1%	0	0.0%
	\$254,465,932	100.1%	\$270,789,580	100.0%
Tax Rate per \$1,000 of assessed valuation		\$30.40		\$30.00

NOTE 8 - RECEIVABLES

Receivables at June 30, 2009 consisted of interest, 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 \$524,573 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	\$26,443
Drug Free Schools	5,634
Title I	108,765
Title II-A	24,256
State Preschool Grants	16,354
Federal Preschool Grants	5,294
Excess Cost Reimbursements	131,384
Total Intergovernmental Receivables	\$318,130

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance at 6/30/08	Additions	Deletions	Balance at 6/30/09
Capital Assets - Not Depreciated:				
Land	\$597,049	\$0	\$0	\$597,049
Capital Assets - Depreciated:				
Land Improvements (1)	962,893	0	0	962,893
Buildings and Improvements	17,659,509	0	0	17,659,509
Furniture and Equipment	959,837	24,113	(29,000)	954,950
Vehicles	1,804,500	16,200	(22,210)	1,798,490
Total Capital Assets - Depreciated	21,386,739	40,313	(51,210)	21,375,842
Less Accumulated Depreciation:				
Land Improvements	(724,327)	(31,960)	0	(756,287)
Buildings and Improvements	(8,554,841)	(301,584)	0	(8,856,425)
Furniture and Equipment	(678,159)	(53,684)	27,001	(704,842)
Vehicles	(1,235,921)	(112,446)	22,210	(1,326,157)
Total Accumulated Depreciation	(11,193,248)	(499,674)	49,211	(11,643,711)
Total Capital Assets - Depreciated, Net	10,193,491	(459,361)	(1,999)	9,732,131
Governmental Capital Assets, Net	\$10,790,540	(\$459,361)	(\$1,999)	\$10,329,180

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$184,222
Special	39,206
Vocational	29,015
Support Services:	
Instructional Staff	42,222
Board of Education	445
Administration	33,424
Operation and Maintenance of Plant	49,019
Pupil Transportation	108,024
Food Service Operations	9,249
Extracurricular Activities	4,848
Total Depreciation Expense	<u>\$499,674</u>

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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 2009 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
For the Fiscal Year Ended June 30, 2009

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 2009, 9.09 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, 2009, 2008 and 2007 were \$233,353, \$194,841, and \$258,390 respectively; 41.87 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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.

Buckeye Local School District
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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, 2009, 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 2008, 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, 2009, 2008, and 2007 were \$1,218,242, \$1,212,794, and \$1,167,810 respectively; 72.98 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$8,444 made by the School District and \$8,736 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, 2009, 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 2009, 4.16 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, 2009

employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, 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, 2009, 2008, and 2007 were \$106,793, \$88,912, and \$85,786 respectively; 41.87 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$19,254, \$14,039, and \$17,571 respectively; 41.87 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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 2009, 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, 2009, 2008, and 2007 were \$84,067, \$80,551, and \$77,544 respectively; 72.98 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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
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For the Fiscal Year Ended June 30, 2009

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 for the classified staff and ninety-seven percent for the certified staff of the total monthly premiums of \$981.42 for family coverage and \$338.42 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 - LONG - TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2009 were as follows:

	Outstanding 6/30/08	Additions	Reductions	Outstanding 6/30/09	Amounts Due Within One Year
General Obligation Bonds:					
2003 School Improvement Refunding Bonds \$3,174,986					
Serial Bonds - \$1,875,000 @ 1.5%-3.75%	1,585,000	0	0	1,585,000	0
Capital Appreciation Bonds - \$1,299,986 @ 2.88%-3.23%	1,299,986	0	664,376	635,610	635,610
Accretion of Interest - \$370,014 @ 4.476%	304,556	50,421	170,624	184,353	184,353
Premium - \$135,589	55,082	0	16,949	38,133	0
Refunding Difference - \$58,941	(23,943)	0	(7,368)	(16,575)	0
Total General Obligation Bonds	3,220,681	50,421	844,581	2,426,521	819,963
Compensated Absences	1,336,780	231,581	264,129	1,304,232	110,543
Total General Long-Term Obligations	\$4,557,461	\$282,002	\$1,108,710	\$3,730,753	\$930,506

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 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 2009 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 2009 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 2009 amortization was \$7,368.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The 2003 bond issue consists of serial and capital appreciation bonds, whose outstanding value at June 30, 2009 are \$1,585,000 and \$635,610 respectively. These bonds are not subject to early redemption.

The final capital appreciation bonds for this issue mature 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 \$835,000. For fiscal year 2009, \$50,421 was accreted for a total bond liability of \$819,963.

Principal and interest requirements to retire general obligation bonds for the 2003 School Improvement Refunding Bonds outstanding at June 30, 2009 are as follows:

2003 School Improvement Refunding Bonds						
	Serial Bonds		Capital Appreciation Bonds		Total	
Fiscal Year	Principal	Interest	Principal	Accretion	Principal	Accretion/ Interest
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	\$1,585,000	\$112,368	\$635,610	\$199,390	\$2,220,610	\$311,758

Compensated absences will be paid from the General Fund.

The School District's overall legal debt margin was \$23,640,779, with an unvoted debt margin of \$270,206 at June 30, 2009.

NOTE 15 – INTERNAL BALANCES

Interfund balances at June 30, 2009 consist of the following individual interfund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>
Other Nonmajor Governmental Funds	General Fund
	\$9,331

The interfund receivable in the General Fund is for a loan to the Miscellaneous Federal Grants and Title 1 Special Revenue Funds to support the programs until the federal grant monies are received.

NOTE 16 - 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 2009, 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.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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 2009, the total amount paid to OME-RESA from the School District was \$183,656 for cooperative gas purchasing services and \$61,847 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.

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 2009.

Educational Regional Service System Region 12 - The School District participates in the Educational Regional Service System Region 12 (ERSS), a jointly governed organization consisting of educational entities within Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Muskingum, Noble and Tuscarawas counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the Muskingum Valley Educational Service Center, 205 N. Seventh Street, Zanesville, Ohio, 43701.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 17 - 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, 2009 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, 2008	\$0	\$0	\$115,961
Current Year Set-aside Requirement	309,437	309,437	0
Allowable Carry Forward from Fiscal Year 2008	(161,189)	0	0
Qualifying Disbursements	<u>(227,521)</u>	<u>(300,399)</u>	<u>0</u>
Totals	<u>(\$79,273)</u>	<u>\$9,038</u>	<u>\$115,961</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$79,273)</u>	<u>\$0</u>	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2009	<u>\$0</u>	<u>\$9,038</u>	<u>\$115,961</u>

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 total reserve balance for the three set-asides at the end of the fiscal year was \$124,999.

NOTE 18 – CONTINGENCIES/SUBSEQUENT EVENTS

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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, 2009.

The School District has been approved for \$1,109,986 of Federal Stimulus dollars as part of The American Recovery and Reinvestment Act of 2009. These allocations are primarily to fund special education and early childhood programs. The allocations will be available to fund fiscal year 2010 programs.

B. Litigation

The School District is currently not a party to any legal proceedings.

C. Bond Levy and Ohio Schoolany Facilities Commission Classroom Facilities Assistance Program

On January 7, 2009, the Board passed a resolution of acceptance to participate in the Ohio School Facilities Commission Classroom Facilities Assistance Program. The total cost of the project is \$44,101,916 with the state share of \$22,050,958 and the local share of \$22,050,958. In addition, the project will include a locally funded initiative of \$749,297 for projects not included in the Ohio School Facilities Commission Classroom Facilities Assistance Program. The project is to build one new elementary-middle school to house grades pre-kindergarten through 6th grade, renovations/additions to Buckeye High School to house grades 7th through 12th and career tech students, and allowance to abate and demolish six elementary/middle school buildings.

On April 27, 2009, the Board passed a resolution declaring the necessity to levy a tax in excess of the ten mill limitation at the rate of one and one half (1.50) mill for each one dollar of valuation to provide the local share of the Ohio School Facilities Commission Classroom Facilities Assistance Program. On August 4, 2009 the levy was taken to the electors of the School District, and the levy failed.

D. School Closings/ Reduction in Force

During the August 10, 2009 Board of Education meeting, the Board approved a resolution, due to financial reasons, to close North Middle School, located in Brilliant and West Elementary School, located in Adena effective June 2010. The students will be reassigned to Southwest Middle School, located in Tiltonsville and Buckeye Northwest Elementary School, located in Rayland, respectively.

Also at the August 10, 2009 meeting, the Board adopted a resolution regarding reduction in force of non-teaching employees due to financial reasons. The reduction in staff includes abolishment of 1 clerk position, 2 custodial positions, and 1 educational aide position. In addition, the School District reduced hours for 13 regular, full-time head and assistant cook positions by 8.33 percent or from six regular hours per day to five and one half regular hours per work day.

BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster				
Non Cash Assistance:				
National School Lunch Program	03-PU-09	10.555	41,592	41,592
Cash Assistance:				
National School Lunch Program	04-PU-09	10.555	\$383,897	\$383,897
National School Breakfast Program	05-PU-09	10.553	121,392	121,392
Cash Assistance Subtotal			505,289	505,289
Total U.S. Department of Agriculture - Nutrition Cluster (Cash and Non-Cash)			546,881	546,881
U.S. DEPARTMENT OF EDUCATION				
School Counselor Grant	Q215E080068	84.215	317,909	317,909
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education Grants to States Title VI-B Flow Through	6B-SF-08 6B-SF-09	84.027	62,648 490,320	117,377 485,674
Total Title VI B			552,968	603,051
Special Education - Preschool Grant	PG-S1-08 PG-S1-09	84.173	1,856 20,402	3,284 20,275
Child Outcomes Support			3,000	3,000
Total Special Education			25,258	26,559
Total Special Education Cluster			578,226	629,610
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-08 C1-S1-09	84.010	76,400 546,502	85,809 546,502
School Improvement			26,582	26,582
Total Title I			649,484	658,893
Inovative Education Strategies	C2-S1-08 C2-S1-09	84.298	4,941 1,810	4,941 1,810
Total Innovative Education Strategies			6,751	6,751
Drug-Free Schools Grant	DR-S1-08 DR-S1-09	84.186	4,317	128 4,317
			4,317	4,445
Title II A - Improving Teacher Quality	TR-S1-08 TR-S1-09	84.367	30,000 158,349	28,206 158,346
Total Title II A			188,349	186,552
Title II D - Eduation Technology State Grants	TJ-S1-08 TJ-S1-09	84.318	784 5,776	758 5,776
Total Title II D			6,560	6,534
Total Department of Education			1,751,596	1,810,694
Total Federal Financial Assistance			<u>\$2,298,477</u>	<u>\$2,357,575</u>

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

**BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO FEDERAL AWARDS EXPENDITURES SCHEDULE
JUNE 30, 2009**

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, 2009, 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, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 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 a certain matter that we reported to the District's management in a separate letter dated December 21, 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 a certain noncompliance or other matters that we reported to the District's management in a separate letter dated December 21, 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

December 21, 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, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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, 2009. In a separate letter to the District's management dated December 21, 2009 we reported a matter related to federal non-compliance not requiring inclusion in this report.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with 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 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.

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

Mary Taylor, CPA
Auditor of State

December 21, 2009

**BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title 1 84.010 School Counselor Grant 84.215
<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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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on September 14, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

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- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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



Mary Taylor, CPA
Auditor of State

December 21, 2009



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
MARCH 2, 2010