



Mary Taylor, CPA
Auditor of State

**BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets	10
Statement of Activities.....	11
Balance Sheet – Governmental Funds	12
Reconciliation of Total Governmental Fund Balances To Net Assets of Governmental Activities.....	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual – General Fund.....	16
Statement of Fiduciary Net Assets – Fiduciary Funds.....	17
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	18
Notes to the Basic Financial Statements	19
Federal Awards Expenditures Schedule.....	45
Notes to the Federal Award Expenditures Schedule.....	46
Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Governmental Auditing Standards.....	47
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	49
Schedule of Findings	51

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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, 2010, 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, 2010, 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 October 18, 2010, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 18, 2010

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
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, 2010. 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 2010 are as follows:

- Net assets of governmental activities increased \$521,600.
- General revenues accounted for \$17,590,100 in revenue or 77 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$5,259,769 or 23 percent of total revenues of \$22,849,869.
- Total assets of governmental activities decreased \$1,130,664. Current assets decreased by \$852,218 primarily due to a decrease in taxes receivable because of the reduction of millage for the bond issue that will be fully repaid in fiscal year 2012. Cash and cash equivalents and investments also decreased. Capital assets decreased \$278,446 due primarily to depreciation expense which was offset slightly by capital asset additions.
- The School District had \$22,328,269 in expenses related to governmental activities; only \$5,259,769 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$17,590,100 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 \$17,661,542 in revenues and \$17,392,104 in expenditures. Overall, including other financing sources (uses) the General Fund's balance increased \$110,815. The Debt Service Fund had revenues in the amount of \$592,859 and expenditures in the amount of \$899,843 which resulted in a fund balance decrease of \$306,984.

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, 2010
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 2010?" 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 8. 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, 2010
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 2010 compared to 2009.

Table 1
Net Assets
Governmental Activities

	2010	2009	Change
Assets			
Current and Other Assets	\$9,567,860	\$10,420,078	(\$852,218)
Capital Assets	10,050,734	10,329,180	(278,446)
Total Assets	19,618,594	20,749,258	(1,130,664)
Liabilities			
Long-Term Liabilities	2,941,553	3,730,753	(789,200)
Other Liabilities	8,593,225	9,456,289	(863,064)
Total Liabilities	11,534,778	13,187,042	(1,652,264)
Net Assets			
Invested in Capital Assets	8,465,757	8,108,613	357,144
Restricted	1,500,863	1,868,552	(367,689)
Unrestricted (Deficit)	(1,882,804)	(2,414,949)	532,145
Total Net Assets	\$8,083,816	\$7,562,216	\$521,600

Total assets of governmental activities decreased \$1,130,664. As indicated previously, current assets decreased by \$852,218 primarily due to a decrease in taxes receivable and a decrease in cash and cash equivalents and investments. Capital assets decreased \$278,446 due primarily to depreciation expense which was offset slightly by capital asset additions.

Total liabilities decreased due to annual debt service payments, matured severance payable and a decrease in deferred revenue related to taxes which were offset by an increase in accounts payable.

The net effect of changes in assets and liabilities resulted in a \$521,600 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, 2010
Unaudited

Table 2 shows the changes in net assets for the fiscal year 2010 compared to fiscal year 2009.

	Changes in Net Assets		
	Governmental Activities		Change
	2010	2009	
Revenues			
Program Revenues			
Charges for Services	\$948,560	\$1,014,458	(\$65,898)
Operating Grants and Contributions	4,311,209	4,294,567	16,642
Capital Grants and Contributions	0	45,016	(45,016)
Total Program Revenues	5,259,769	5,354,041	(94,272)
General Revenues			
Property Taxes	6,781,428	6,796,420	(14,992)
Grants and Entitlements not Restricted to Specific Programs	10,735,892	9,706,271	1,029,621
Others	72,780	179,245	(106,465)
Total General Revenues	17,590,100	16,681,936	908,164
Total Revenues	22,849,869	22,035,977	813,892
Program Expenses			
Instruction			
Regular	9,050,177	9,027,055	23,122
Special	2,562,906	2,700,051	(137,145)
Vocational	779,782	753,477	26,305
Student Intervention Services	288,768	256,058	32,710
Support Services			
Pupil	761,388	681,825	79,563
Instructional Staff	984,795	588,846	395,949
Board of Education	137,800	75,131	62,669
Administration	1,916,671	2,031,945	(115,274)
Fiscal	440,914	457,986	(17,072)
Business	39,536	61,320	(21,784)
Operation and Maintenance of Plant	2,106,273	2,208,021	(101,748)
Pupil Transportation	1,733,443	1,619,376	114,067
Operation of Non-Instructional Services	11,227	8,103	3,124
Food Service Operations	1,014,758	980,113	34,645
Extracurricular Activities	427,331	393,531	33,800
Interest and Fiscal Charges	72,500	106,729	(34,229)
Total Expenses	22,328,269	21,949,567	378,702
Increase in Net Assets	521,600	86,410	435,190
Net Assets Beginning of Year	7,562,216	7,475,806	86,410
Net Assets End of Year	\$8,083,816	\$7,562,216	\$521,600

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

In 2010, 30 percent of the School District's revenues were from property taxes and 47 percent were from unrestricted grants and entitlements. Program revenue operating grants and contributions increased slightly from the prior fiscal year. This increase is due primarily to the School District being awarded American Recovery and Reinvestment Act Grants which was offset by the elimination of Poverty Based Assistance Funding. Also, program revenue capital grants decreased resulting from the elimination of bus purchase allowance.

Instructional programs comprise approximately 57 percent of total governmental program expenses, and reflected a \$55,008 decrease from fiscal year 2009. Overall, the School District experienced minimal increases in expenses.

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 2010 compared to fiscal year 2009. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

Table 3
Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Instruction				
Regular	\$9,050,177	\$9,027,055	\$7,852,351	\$7,675,896
Special	2,562,906	2,700,051	1,424,502	999,362
Vocational	779,782	753,477	779,782	600,101
Student Intervention Services	288,768	256,058	69,121	58,959
Support Services				
Pupil	761,388	681,825	476,665	506,848
Instructional Staff	984,795	588,846	520,021	330,559
Board of Education	137,800	75,131	75,774	75,131
Administration	1,916,671	2,031,945	1,549,397	1,803,404
Fiscal	440,914	457,986	166,851	213,607
Business	39,536	61,320	39,536	61,320
Operation and Maintenance of Plant	2,106,273	2,208,021	2,019,073	2,197,026
Pupil Transportation	1,733,443	1,619,376	1,593,066	1,573,640
Operation of Non-Instructional Services	11,227	8,103	22	(47)
Food Service Operations	1,014,758	980,113	157,707	156,319
Extracurricular Activities	427,331	393,531	272,132	236,672
Interest and Fiscal Charges	72,500	106,729	72,500	106,729
Total Expenses	<u>\$22,328,269</u>	<u>\$21,949,567</u>	<u>\$17,068,500</u>	<u>\$16,595,526</u>

The dependence upon tax revenues and state subsidies for governmental activities is apparent, as 76 percent of expenses are supported through taxes and other general revenues.

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

The School District Funds

Information about the School District's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. The Governmental funds had \$23,010,802 in revenues and other financing sources and \$22,986,889 in expenditures and other financing uses. Overall, total Governmental fund balances increased \$23,813 primarily due to expenditures not exceeding revenues.

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 2010, 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 2010, the School District had \$10,050,734 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	
	2010	2009
Land	\$597,049	\$597,049
Land Improvements	185,274	206,606
Buildings and Improvements	8,501,500	8,803,084
Furniture and Equipment	199,730	250,108
Vehicles	567,181	472,333
Totals	\$10,050,734	\$10,329,180

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Debt

At June 30, 2010, the School District had \$1,596,977 in bonds outstanding, including premiums and refunding differences.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2010	2009
2003 School Improvement Refunding		
Serial Bonds	\$1,585,000	\$1,585,000
Premium	21,184	38,133
Refunding Difference	(9,207)	(16,575)
Capital Appreciation Bonds	0	635,610
Accretion of Interest on Capital Appreciation Bonds	0	184,353
Total	\$1,596,977	\$2,426,521

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

Economic Factors

During fiscal year 2010, one teacher and one classified employee retired.

The Board of Education has recognized the need to reduce expenses and/or increase revenues. The Board reviewed the number of buildings needed by the School District. The School District currently operates 7 buildings, and pursued an Ohio School Facilities Project which would reduce the number of School District buildings and reduce maintenance costs. The project was placed on the ballot along with a Permanent Improvement Levy in May, 2010. The levy failed and; as a result, the Board voted to close Southwest Middle School and North Middle School and consolidate them into the current high school. This took effect at the beginning of the 2011 school year.

Also during fiscal year 2010, 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.

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 Garrison, Treasurer/CFO at Buckeye Local School District, 6899 State Route 150, Dillonvale, Ohio 43917.

Buckeye Local School District
Statement of Net Assets
June 30, 2010

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,748,680
Cash and Cash Equivalents in Segregated Accounts	402,266
Intergovernmental Receivable	372,685
Accrued Interest Receivable	131
Investments in Segregated Accounts	95,465
Prepaid Items	1,372
Materials and Supplies Inventory	84,163
Property Taxes Receivable	6,851,098
Deferred Charges	12,000
Non-Depreciable Capital Assets	597,049
Depreciable Capital Assets, Net	9,453,685
<i>Total Assets</i>	19,618,594
Liabilities	
Accounts Payable	92,092
Accrued Wages and Benefits Payable	1,958,253
Intergovernmental Payable	603,636
Matured Severance Payable	18,494
Accrued Interest Payable	4,458
Deferred Revenue	5,916,292
Long-Term Liabilities:	
Due Within One Year	966,968
Due In More Than One Year	1,974,585
<i>Total Liabilities</i>	11,534,778
Net Assets	
Invested in Capital Assets, Net of Related Debt	8,465,757
Restricted for:	
Debt Service	1,241,726
Budget Stabilization	115,961
Capital Maintenance	11,532
Bus Purchase	5,959
Federal Programs	9,355
Other Purposes	116,330
Unrestricted (Deficit)	(1,882,804)
<i>Total Net Assets</i>	\$8,083,816

See accompanying notes to the basic financial statements.

Buckeye Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2010

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Instruction:				
Regular	\$9,050,177	\$508,754	\$689,072	(\$7,852,351)
Special	2,562,906	0	1,138,404	(1,424,502)
Vocational	779,782	0	0	(779,782)
Student Intervention Services	288,768	0	219,647	(69,121)
Support Services:				
Pupil	761,388	0	284,723	(476,665)
Instructional Staff	984,795	0	464,774	(520,021)
Board of Education	137,800	0	62,026	(75,774)
Administration	1,916,671	0	367,274	(1,549,397)
Fiscal	440,914	0	274,063	(166,851)
Business	39,536	0	0	(39,536)
Operation and Maintenance of Plant	2,106,273	0	87,200	(2,019,073)
Pupil Transportation	1,733,443	0	140,377	(1,593,066)
Operation of Non-Instructional Services	11,227	0	11,205	(22)
Food Service Operations	1,014,758	284,607	572,444	(157,707)
Extracurricular Activities	427,331	155,199	0	(272,132)
Interest and Fiscal Charges	72,500	0	0	(72,500)
<i>Total Governmental Activities</i>	<u>\$22,328,269</u>	<u>\$948,560</u>	<u>\$4,311,209</u>	<u>(\$17,068,500)</u>
General Revenues				
Property Taxes Levied for General Purposes				6,461,778
Property Taxes Levied for Debt Service				319,650
Grants and Entitlements not Restricted to Specific Programs				10,735,892
Investment Earnings				10,650
Gifts and Donations				50,563
Miscellaneous				11,567
<i>Total General Revenues</i>				<u>17,590,100</u>
Change in Net Assets				521,600
<i>Net Assets Beginning of Year</i>				<u>7,562,216</u>
<i>Net Assets End of Year</i>				<u><u>\$8,083,816</u></u>

See accompanying notes to the basic financial statements.

Buckeye Local School District
Balance Sheet
Governmental Funds
June 30, 2010

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$224,897	\$1,227,151	\$163,180	\$1,615,228
Cash and Cash Equivalents in Segregated Accounts	402,266	0	0	402,266
Investments in Segregated Accounts	95,465	0	0	95,465
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	133,452	0	0	133,452
Receivables:				
Property Taxes	6,690,185	160,913	0	6,851,098
Intergovernmental	124,406	0	248,279	372,685
Accrued Interest	131	0	0	131
Interfund	43,656	0	0	43,656
Prepaid Items	1,372	0	0	1,372
Materials and Supplies Inventory	68,586	0	15,577	84,163
<i>Total Assets</i>	<u>\$7,784,416</u>	<u>\$1,388,064</u>	<u>\$427,036</u>	<u>\$9,599,516</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$83,189	\$0	\$8,903	\$92,092
Accrued Wages and Benefits Payable	1,731,569	0	226,684	1,958,253
Matured Severance Payable	18,494	0	0	18,494
Interfund Payable	0	0	43,656	43,656
Intergovernmental Payable	515,741	0	87,895	603,636
Deferred Revenue	6,446,080	152,204	13,070	6,611,354
<i>Total Liabilities</i>	<u>8,795,073</u>	<u>152,204</u>	<u>380,208</u>	<u>9,327,485</u>
Fund Balances (Deficit)				
Reserved for Encumbrances	0	0	7,348	7,348
Reserved for Property Taxes	358,786	8,709	0	367,495
Reserved for Budget Stabilization	115,961	0	0	115,961
Reserved for Reserved for Bus Purchase	5,959	0	0	5,959
Reserved for Reserved for Capital Maintenance	11,532	0	0	11,532
Unreserved, Undesignated, Reported in:				
General Fund	(1,502,895)	0	0	(1,502,895)
Special Revenue Funds	0	0	37,083	37,083
Debt Service Fund	0	1,227,151	0	1,227,151
Capital Projects Funds	0	0	2,397	2,397
<i>Total Fund Balances (Deficit)</i>	<u>(1,010,657)</u>	<u>1,235,860</u>	<u>46,828</u>	<u>272,031</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$7,784,416</u>	<u>\$1,388,064</u>	<u>\$427,036</u>	<u>\$9,599,516</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, 2010*

Total Governmental Fund Balances	\$272,031
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	10,050,734
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Grants	13,070
Interest	131
Tuition and Fees	114,550
Property Taxes	567,311
Total	695,062
Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.	12,000
In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.	(4,458)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds - Serial	1,585,000
Bond Premium	21,184
Refunding Difference	(9,207)
Compensated Absences	1,344,576
Total	(2,941,553)
<i>Net Assets of Governmental Activities</i>	\$8,083,816

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, 2010

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$6,384,889	\$353,801	\$0	\$6,738,690
Intergovernmental	10,735,892	239,058	4,099,554	15,074,504
Interest	11,404	0	57	11,461
Tuition and Fees	518,136	0	7,452	525,588
Extracurricular Activities	0	0	155,199	155,199
Gifts and Donations	8,711	0	41,852	50,563
Charges for Services	0	0	284,607	284,607
Miscellaneous	2,510	0	9,057	11,567
<i>Total Revenues</i>	<u>17,661,542</u>	<u>592,859</u>	<u>4,597,778</u>	<u>22,852,179</u>
Expenditures				
Current:				
Instruction:				
Regular	8,065,587	0	704,329	8,769,916
Special	1,424,962	0	1,110,571	2,535,533
Vocational	750,348	0	0	750,348
Student Intervention Services	72,308	0	216,460	288,768
Support Services:				
Pupil	479,802	0	281,586	761,388
Instructional Staff	501,653	0	400,583	902,236
Board of Education	75,329	0	62,026	137,355
Administration	1,621,065	0	359,662	1,980,727
Fiscal	397,353	8,556	35,005	440,914
Business	0	0	39,536	39,536
Operation and Maintenance of Plant	2,002,346	0	41,232	2,043,578
Pupil Transportation	1,711,020	0	133,836	1,844,856
Operation of Non-Instructional Services	0	0	11,227	11,227
Food Service Operations	0	0	1,008,114	1,008,114
Extracurricular Activities	290,331	0	132,152	422,483
Debt Service:				
Principal Retirement	0	635,610	0	635,610
Capital Appreciation Bonds Interest	0	199,390	0	199,390
Interest and Fiscal Charges	0	56,287	0	56,287
<i>Total Expenditures</i>	<u>17,392,104</u>	<u>899,843</u>	<u>4,536,319</u>	<u>22,828,266</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>269,438</u>	<u>(306,984)</u>	<u>61,459</u>	<u>23,913</u>
Other Financing Sources (Uses)				
Transfers In	0	0	158,623	158,623
Transfers Out	(158,623)	0	0	(158,623)
Total Other Financing Sources (Uses)	<u>(158,623)</u>	<u>0</u>	<u>158,623</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	110,815	(306,984)	220,082	23,913
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(1,121,472)</u>	<u>1,542,844</u>	<u>(173,254)</u>	<u>248,118</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$1,010,657)</u>	<u>\$1,235,860</u>	<u>\$46,828</u>	<u>\$272,031</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, 2010*

Net Change in Fund Balances - Total Governmental Funds \$23,913

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	218,435	
Current Year Depreciation	(496,881)	
Total		(278,446)

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

Intergovernmental	(27,403)	
Interest	(811)	
Tuition and Fees	(16,834)	
Property Taxes	42,738	
Total		(2,310)

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	635,610	
Payment of Capital Appreciation Bond Accretion	199,390	
Total		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.

Accrued Interest	(1,156)	
Accretion of Interest	(15,037)	
Total		(16,193)

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		(40,344)
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Changes in Net Assets of Governmental Activities

\$521,600

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, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$6,276,998	\$6,276,998	\$6,276,998	\$0
Intergovernmental	10,663,644	10,725,042	10,726,036	994
Interest	11,552	11,607	11,607	0
Tuition and Fees	515,692	518,136	518,136	0
Gifts and Donations	8,670	8,711	8,711	0
Miscellaneous	2,497	2,510	2,510	0
<i>Total Revenues</i>	<u>17,479,053</u>	<u>17,543,004</u>	<u>17,543,998</u>	<u>994</u>
Expenditures				
Current:				
Instruction:				
Regular	8,209,035	8,170,818	8,170,818	0
Special	1,424,796	1,423,013	1,423,013	0
Vocational	754,293	753,349	753,349	0
Student Intervention Services	73,466	73,374	73,374	0
Support Services:				
Pupils	488,677	488,066	488,066	0
Instructional Staff	468,890	468,303	468,303	0
Board of Education	78,630	78,532	78,532	0
Administration	1,617,324	1,615,300	1,615,300	0
Fiscal	400,936	400,434	400,434	0
Operation and Maintenance of Plant	2,006,012	2,003,502	2,003,502	0
Pupil Transportation	1,676,067	1,673,970	1,673,970	0
Extracurricular Activities	259,112	258,788	258,788	0
<i>Total Expenditures</i>	<u>17,457,238</u>	<u>17,407,449</u>	<u>17,407,449</u>	<u>0</u>
Excess of Revenues Over Expenditures	<u>21,815</u>	<u>135,555</u>	<u>136,549</u>	<u>994</u>
Other Financing Sources (Uses)				
Advances In	9,331	9,331	9,331	0
Transfers Out	(158,623)	(158,623)	(158,623)	0
Advances Out	(43,656)	(43,656)	(43,656)	0
Total Other Financing Sources (Uses)	<u>(192,948)</u>	<u>(192,948)</u>	<u>(192,948)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(171,133)	(57,393)	(56,399)	994
<i>Fund Balance Beginning of Year</i>	<u>912,479</u>	<u>912,479</u>	<u>912,479</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$741,346</u></u>	<u><u>\$855,086</u></u>	<u><u>\$856,080</u></u>	<u><u>\$994</u></u>

See accompanying notes to the basic financial statements.

Buckeye Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Private Purpose Trust Fund	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$142,491	\$60,932
<i>Total Assets</i>	142,491	\$60,932
Liabilities		
Due to Students	0	\$60,932
<i>Total Liabilities</i>	0	\$60,932
Net Assets		
Held in Trust for Scholarships	142,491	
<i>Total Net Assets</i>	\$142,491	

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, 2010

	Private Purpose Trust Fund
Additions	
Contributions and Donations	\$11,800
Interest	499
	12,299
Deductions	
Scholarships Awarded	685
	11,614
<i>Change in Net Assets</i>	11,614
<i>Net Assets Beginning of Year</i>	130,877
	\$142,491
	\$142,491

See accompanying notes to the basic financial statements.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 107 non-certified employees, 176 certified full-time teaching personnel and 13 administrative employees who provide services to 2,290 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, 2010

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, 2010

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 reconciliations 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, 2010

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, 2010, but which were levied to finance fiscal year 2011 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 2010, investments were limited to 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, 2010.

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 2010 amounted to \$11,404 which includes \$6,229 assigned from other School District funds.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 is reported as cash equivalents in segregated accounts and the negotiable certificate of deposits are reported as 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, 2010, 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, 2010

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, 2010

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 encumbrances, property taxes, bus purchases, and 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, 2010

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, 2010

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

Changes in Accounting Principles - For 2010, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 51, “Accounting and Financial Reporting for Intangible Assets”, Statement No. 53, “ Accounting and Financial Reporting for Derivative Instruments”, Statement No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans”, and Statement No. 58, “Accounting and Financial Reporting for Chapter 9 Bankruptcies”.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any material change to the School District’s financial statements.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements. The implementation of this statement did not result in any change in the School District’s financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the School District’s financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the School District’s 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).

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

3. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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

	Net Change in Fund Balance
	General
GAAP Basis	\$110,815
Revenue Accruals	(117,544)
Advances In	9,331
Expenditure Accruals	(15,345)
Advances Out	(43,656)
Budget Basis	(\$56,399)

NOTE 5 – FUND DEFICITS

At June 30, 2010, the following funds had deficit fund balances:

	Deficit Fund Balance
General Fund	\$1,010,657
Food Service	62,417
Miscellaneous State Grants	5,767
Miscellaneous Federal Grants	7,703

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 and the Miscellaneous Federal Grants 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 eliminated three cook positions. (See Subsequent Event Note 19 for details.)

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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.

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, the School District's bank balance of \$2,015,357 was fully insured by the FDIC under the temporary transaction account guarantee (TAG) program.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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, 2010, 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	\$402,266	Avg 45 days	65.33%	AAA	S&P
Negotiable CD	95,465	12/3/2010	15.50%	N/A	N/A
STAR Ohio	118,043	Avg 56 days	19.17%	AAAam	S&P
Totals	<u>\$615,774</u>		<u>100.00%</u>		

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 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.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, 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 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009 and are collected in 2010 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.

Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities prior to 1995 was being phased down from 88 percent to 25 percent (in tax year 2007) over a three-year period. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes will be levied or collected after calendar year 2010 on local and inter-exchange telephone companies.

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, 2010, are available to finance fiscal year 2010 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, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2010 was \$358,786 in the General Fund and \$8,709 in the Debt Service Fund. 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.

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$158,767,420	58.6%	\$154,747,340	58.7%
Public Utility Personal	112,022,160	41.4%	108,832,240	41.3%
	\$270,789,580	100.0%	\$263,579,580	100.0%
Tax Rate per \$1,000 of assessed valuation		\$30.00		\$28.00

NOTE 8 - RECEIVABLES

Receivables at June 30, 2010 consisted of interest, property taxes, interfund, intergovernmental grants and excess costs. 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 \$567,311 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	\$53,598
Drug Free Schools	1,305
Title II-D	2,907
Title I	135,041
School Improvement Title I	5,367
Title II-A	36,685
State Preschool Grants	4,465
State Early Childhood Grants	4,064
21st Century Grants	4,847
Community Alternative Funding Source	9,856
Excess Costs from Other School Districts	114,550
Total Intergovernmental Receivables	\$372,685

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance at 6/30/09	Additions	Deletions	Balance at 6/30/10
Capital Assets - Not Depreciated:				
Land	\$597,049	\$0	\$0	\$597,049
Capital Assets - Depreciated:				
Land Improvements	962,893	0	0	962,893
Buildings and Improvements	17,659,509	0	0	17,659,509
Furniture and Equipment	954,950	0	0	954,950
Vehicles	1,798,490	218,435	(103,698)	1,913,227
Total Capital Assets - Depreciated	21,375,842	218,435	(103,698)	21,490,579
Less Accumulated Depreciation:				
Land Improvements	(756,287)	(21,332)	0	(777,619)
Buildings and Improvements	(8,856,425)	(301,584)	0	(9,158,009)
Furniture and Equipment	(704,842)	(50,378)	0	(755,220)
Vehicles	(1,326,157)	(123,587)	103,698	(1,346,046)
Total Accumulated Depreciation	(11,643,711)	(496,881)	103,698	(12,036,894)
Total Capital Assets - Depreciated, Net	9,732,131	(278,446)	0	9,453,685
Governmental Capital Assets, Net	\$10,329,180	(\$278,446)	\$0	\$10,050,734

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$172,554
Special	39,206
Vocational	29,434
Support Services:	
Instructional Staff	42,222
Board of Education	445
Administration	33,424
Operation and Maintenance of Plant	49,249
Pupil Transportation	118,855
Food Service Operations	6,644
Extracurricular Activities	4,848
Total Depreciation Expense	<u>\$496,881</u>

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 2010 the School District contracted with Ohio Casualty Insurance for property and inland marine coverage, and for fleet insurance, and liability insurance. The type and amount of coverage provided by Ohio Casualty Insurance follows:

Commercial Property Coverage - Blanket	\$66,970,008
Property Deductible	2,500
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 (\$1,000 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, 2010

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 2010, 12.74 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, 2010, 2009 and 2008 were \$363,384, \$233,353 and \$194,841 respectively; 48.30 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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, 2010, 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 2009, 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, 2010, 2009 and 2008 were, \$1,203,803 \$1,218,242 and \$1,212,794 respectively; 71.03 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$9,538 made by the School District and \$7,747 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, 2010, 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 2010, 0.50 percent of covered payroll was allocated to health care. In addition,

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, 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, 2010, 2009 and 2008 were \$19,988, \$106,793 and \$88,912 respectively; 48.30 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$30,382, \$19,254 and \$14,039; 48.30 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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 2010, 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, 2010, 2009, and 2008 were \$81,358, \$84,067 and \$80,551 respectively; 71.03 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 \$1,166.51 for family coverage and \$400.24 for single coverage.

Dental coverage is provided through Met Life. The School District also pays 100 percent of the total monthly premiums for classified staff and 90 percent for certified staff of total monthly premiums of \$58.58 for family coverage and \$17.79 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 2010 were as follows:

	Outstanding			Amounts	
	6/30/09	Additions	Reductions	Outstanding 6/30/10	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	\$840,000
Capital Appreciation Bonds - \$1,299,986 @ 2.88%-3.23%	635,610	0	635,610	0	0
Accretion of Interest - \$370,014 @ 4.476%	184,353	15,037	199,390	0	0
Premium - \$135,589	38,133	0	16,949	21,184	0
Refunding Difference - \$58,941	(16,575)	0	(7,368)	(9,207)	0
Total General Obligation Bonds	2,426,521	15,037	844,581	1,596,977	840,000
Compensated Absences	1,304,232	238,673	198,329	1,344,576	126,968
Total General Long-Term Obligations	\$3,730,753	\$253,710	\$1,042,910	\$2,941,553	\$966,968

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 2010 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 2010 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, 2010

The 2003 bond issue consisted of serial and capital appreciation bonds, whose outstanding value at June 30, 2010 are \$1,585,000 and \$0 respectively. These bonds are not subject to early redemption.

The final capital appreciation bonds for this issue matured December 1, 2009. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest was paid and the bond holder received the face value of the bond. There are no outstanding capital appreciation bonds remaining at June 30, 2010.

Principal and interest requirements to retire general obligation bonds for the 2003 School Improvement Refunding Bonds outstanding at June 30, 2010 are as follows:

<u>2003 School Improvement Refunding Bonds</u>		
<u>Serial Bonds</u>		
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2011	\$840,000	\$42,112
2012	745,000	13,969
Totals	<u>\$1,585,000</u>	<u>\$56,081</u>

Compensated absences will be paid from the General Fund.

The School District's overall legal debt margin was \$23,309,301, with an unvoted debt margin of \$262,968 at June 30, 2010.

NOTE 15 – INTERNAL BALANCES AND TRANSFERS

A. Interfund Balances

Interfund balances at June 30, 2010 consist of the following individual interfund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>
	<u>General Fund</u>
Other Nonmajor Governmental Funds	<u>\$43,656</u>

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

B. Transfers

Interfund transfers for the year ended June 30, 2010 consisted of the following:

	<u>Transfers to</u>
	Other Non-major
<u>Transfers from</u>	<u>Governmental</u>
General Fund	<u>\$158,623</u>

The transfers were used to provide revenue to the Food Service Fund to cover operating costs due to insufficient user charges.

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 2010, the School District made no contributions to the Vocational School District. To obtain financial information write to the Jefferson County Joint Vocational School, Karen Spoonmore, who serves as Treasurer, at 1509 County Highway 22A, Bloomingdale, Ohio 43910.

Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) - 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 2010, the total amount paid to OME-RESA from the School District was \$150,176 for cooperative gas purchasing services and \$59,769 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. Effective July 1, 2010, the information technology portion of the OME-RESA consortium was dissolved. See Subsequent Event Note 19 for further details.

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

interest in or financial responsibility for the Council. The School District's membership fee was \$325 for fiscal year 2010.

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.

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, 2010 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.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

	Textbooks	Capital Improvements	Budget Stabilization
Set-aside Reserve Balance as of June 30, 2009	\$0	\$9,038	\$115,961
Current Year Set-aside Requirement	312,459	312,459	0
Allowable Carry Forward from Fiscal Year 2009	(79,273)	0	0
Qualifying Disbursements	(243,854)	(309,965)	0
Totals	<u>(\$10,668)</u>	<u>\$11,532</u>	<u>\$115,961</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$10,668)</u>	<u>\$0</u>	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2010	<u>\$0</u>	<u>\$11,532</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 \$127,493.

NOTE 18 – CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2010.

B. Litigation

The School District is not currently party to any pending litigation.

NOTE 19 - SUBSEQUENT EVENTS

A. School Closings/ Reduction in Force

Effective the beginning of fiscal year 2011, Southwest Middle School and North Middle School have been closed by the School District due to financial reasons.

At the August 15, 2010 meeting, the Board adopted a resolution regarding reduction in force of non teaching employees due to financial reasons, abolishment of positions and decreased enrollment. The reduction in staff includes the abolishment of one secretary, two clerks, twelve educational aides, three cooks and four custodian positions.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

B. Ratification of Agreement with OAPSE

On August 5, 2010, the Board ratified a labor agreement between Buckeye Local OAPSE Union and the Buckeye Local School District for the period between July 1, 2010 through June 30, 2013.

C. Council of Governments

Effective July 1, 2010, the information technology portion of the OME-RESA consortium has been dissolved. On July 1, 2010, the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Council of Governments (OME-RESA Council) was established pursuant to Ohio Revised Code Section 167.01. The Board of Education of Buckeye Local School District has passed a resolution approving membership in the OME-RESA Council and is currently receiving information technology services through the Council.

D. School Employees Retirement System

Effective July 1, 2010, the SERS has changed the Ohio Department of Education Foundation Program deductions for traditional public schools from a calendar year basis, six month in arrears, to a fiscal year basis, which will coincide with the participating School Districts' fiscal year. As a result, the Foundation deductions which would have been collected six months in arrears became due June 30, 2010. Buckeye Local School District will have the balance due paid in equal installments over a six year period beginning July, 2010

E. Federal Grant

The School District has been approved for \$508,944 of Federal Education Jobs Fund Program Dollars as part of Public Law No. 111-226, signed by President Obama on August 10, 2010. This program provides assistance to save or create education jobs. The allocation will be available to fund fiscal year 2011.

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**BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
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-10	10.555	\$49,230	\$49,230
Cash Assistance:				
National School Lunch Program	04-PU-10	10.555	403,779	403,779
National School Breakfast Program	05-PU-10	10.553	142,889	142,889
Cash Assistance Subtotal			595,898	595,898
ARRA Cafeteria Equipment Assistance Grant		10.579	5,390	5,390
Total U.S. Department of Agriculture - Nutrition Cluster (Cash and Non-Cash)			601,288	601,288
U.S. DEPARTMENT OF EDUCATION				
School Counselor Grant	Q215E080068	84.215	16,981	16,981
			269,583	269,583
			286,564	286,564
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education Grants to States				
Title VI-B Flow Through	6B-SF-09	84.027	26,443	31,089
ARRA	6B-SF-10	84.391	487,958	492,215
			378,784	378,389
Total Title VI B			893,185	901,693
Special Education - Preschool Grant	PG-S1-09	84.173	5,293	5,421
ARRA	PG-S1-10	84.392	20,630	20,630
			9,554	7,707
Total Special Education			35,477	33,758
Total Special Education Cluster			928,662	935,451
Grants to Local Educational Agencies (ESEA Title I)				
ARRA	C1-S1-09	84.010	75,347	75,347
	C1-S1-10	84.389	633,270	651,334
			267,344	251,411
Total Title I			975,961	978,092
School Improvement Grant		84.377	3,718	2,718
			25,338	24,632
Total School Improvement Grant			29,056	27,350
Drug-Free Schools Grant	DR-S1-09	84.186	2049	1560
	DR-S1-10	84.186	12,074	11,342
			14,123	12,902
Title II A - Improving Teacher Quality	TR-S1-09	84.367	24,256	22,879
	TR-S1-10	84.367	144,364	145,879
Total Title II A			168,620	168,758
Title II D - Education Technology State Grants	TJ-S1-10	84.318	3,972	6,790
ARRA	84.386	84.386	58,426	59,970
Total Title II D			62,398	66,760
ARRA Budget Stabilization		84.394	625,653	625,653
21st Century Grant		84.287	195,153	191,298
Total Department of Education			3,286,190	3,292,828
Total Federal Financial Assistance			<u>\$3,887,478</u>	<u>\$3,894,116</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, 2010**

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, 2010, 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, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 18, 2010. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

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*.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293
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Buckeye Local School District
Jefferson County
Independent Accountants' report on Internal Control
Over Financial Reporting and on Compliance and Other
Matters Required by *Government Auditing Standards*
Page 2

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated October 18, 2010.

We intend this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies, pass-through entities and others within the District. 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

October 18, 2010



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, 2010. 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 included in the Comptroller General of the United States' *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the 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, 2010. We noted matters involving federal compliance not requiring inclusion in this report that we reported to the district's management in a separate letter dated October 18, 2010. .

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 opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293

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

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

We noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated October 18, 2010.

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

October 18, 2010

**BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

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, 84.389 Special Education Cluster 84.027,84.391, 84.173 & 84.392 ARRA Budget Stabilization Grant 84.394
<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?	No

**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

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
DECEMBER 16, 2010**