

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

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

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2010***

NANCY ACKERMAN, TREASURER



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Buckeye Central Local School District, Crawford County, prepared by Julian & Grube, Inc., for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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Dave Yost
Auditor of State

January 18, 2011

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

BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Buckeye Central Local School District, Crawford County, Ohio, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Buckeye Central Local School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Buckeye Central Local School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Buckeye Central Local School District, as of June 30, 2010, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2010 on our consideration of the Buckeye Central Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The 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 of the required supplementary information. However, we did not audit the information and express no opinion on it.

Independent Auditor's Report
Buckeye Central Local School District
Page Two

We conducted our audit to opine on the financial statements that collectively comprise the Buckeye Central Local School District's basic financial statements. The schedule of receipts and expenditures of federal awards is required by 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 schedule of receipts and expenditures of federal awards to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the 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 "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 8, 2010

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The management's discussion and analysis of the Buckeye Central Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- In total, net assets of governmental activities decreased \$1,598,474 which represents a 7.92% decrease from 2009.
- General revenues accounted for \$8,387,540 in revenue or 83.76% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,625,644 or 16.24% of total revenues of \$10,013,184.
- The District had \$11,611,658 in expenses related to governmental activities; \$1,625,644 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,387,540 were adequate to provide for these programs.
- The District's three major governmental funds are the general fund, bond retirement and classroom facilities fund. The general fund had \$8,094,912 in revenues and other financing sources, \$7,796,458 in expenditures and \$32,500 in transfers out. During fiscal year 2010, the general fund's fund balance increased \$265,954 from \$2,265,405 to \$2,531,359.
- The bond retirement fund had \$704,900 in revenues and \$531,239 in expenditures. During fiscal year 2010, the bond retirement fund's fund balance increased to a balance of \$527,422.
- The classroom facilities fund had \$324,240 in revenues and \$4,764,150 in expenditures. During fiscal year 2010, the classrooms facilities fund's fund balance decreased by \$4,439,910 to a balance of \$2,009,098 due to the construction expenditures for the District's new facilities.

Using these Basic Financial Statements

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

Fiduciary Funds

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 20 and 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-50 of this report.

The District as a Whole

The statement of net assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2010 and 2009.

	Net Assets	
	Governmental Activities 2010	Governmental Activities 2009
<u>Assets</u>		
Current and other assets	\$ 8,886,578	\$ 15,267,430
Capital assets, net	23,554,518	19,870,722
Total assets	32,441,096	35,138,152
<u>Liabilities</u>		
Current liabilities	2,864,448	3,868,971
Long-term liabilities	9,405,180	9,499,239
Total liabilities	12,269,628	13,368,210
<u>Net Assets</u>		
Invested in capital assets, net of related debt	16,014,479	16,147,776
Restricted	2,370,032	3,638,668
Unrestricted	1,786,957	1,983,498
Total net assets	\$ 20,171,468	\$ 21,769,942

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the District's assets exceeded liabilities by \$20,171,468. Of this total, \$1,786,957 is unrestricted in use.

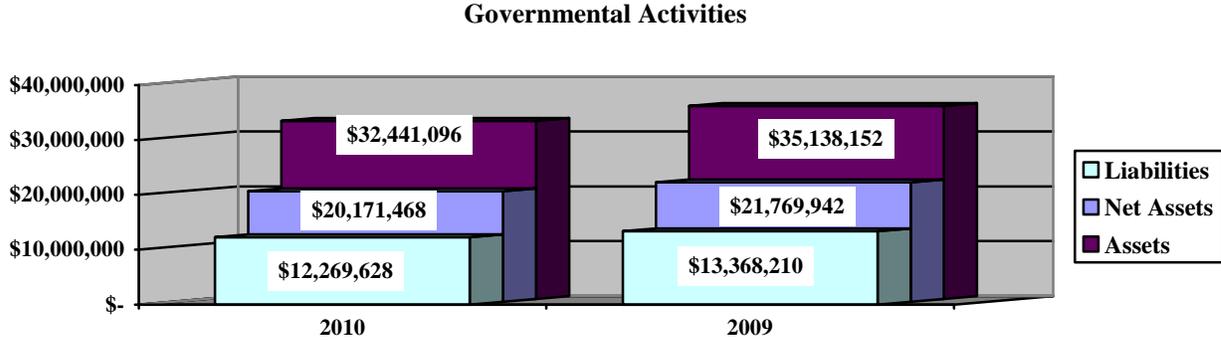
At year-end, capital assets represented 72.61% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2010, were \$16,014,479. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$2,370,032, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$1,786,957 may be used to meet the District's ongoing obligations to the students and creditors.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The graph below illustrates the District's assets, liabilities and net assets at June 30, 2010:



The table below shows the change in net assets for fiscal year 2010 and 2009.

	<u>Change in Net Assets</u>	
	<u>Governmental Activities 2010</u>	<u>Governmental Activities 2009</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 559,896	\$ 537,652
Operating grants and contributions	1,065,748	948,928
Capital grants and contributions	-	18,736
General revenues:		
Property taxes	2,821,725	2,193,028
School district income tax	910,176	1,402,945
Grants and entitlements	4,614,078	4,442,878
Investment earnings	39,712	338,266
Miscellaneous	1,849	3,000
Total revenues	<u>10,013,184</u>	<u>9,885,433</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Change in Net Assets	
	Governmental	Governmental
	Activities	Activities
	2010	2009
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 5,726,747	\$ 4,455,937
Special	937,678	613,016
Vocational	135,328	131,353
Other	6,775	25,086
Support services:		
Pupil	225,933	216,057
Instructional staff	318,137	248,335
Board of education	23,247	21,480
Administration	1,002,732	910,699
Fiscal	330,285	256,775
Business	14,622	29,638
Operations and maintenance	713,117	556,756
Pupil transportation	653,794	540,402
Central	64,536	4,958
Operations of non-instructional services:		
Food service operations	351,268	350,987
Non-instructional services	176,985	78,152
Extracurricular activities	537,790	367,126
Interest and fiscal charges	392,684	387,757
Total expenses	11,611,658	9,194,514
Change in net assets	(1,598,474)	690,919
Net assets at beginning of year	21,769,942	21,079,023
Net assets at end of year	\$ 20,171,468	\$ 21,769,942

Governmental Activities

Net assets of the District's governmental activities decreased \$1,598,474. Total governmental expenses of \$11,611,658 were offset by program revenues of \$1,625,644 and general revenues of \$8,387,540. Program revenues supported 14.00% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from taxes, and grants and entitlements. These revenue sources represent 83.35% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,806,528 or 58.62% of total governmental expenses for fiscal year 2010.

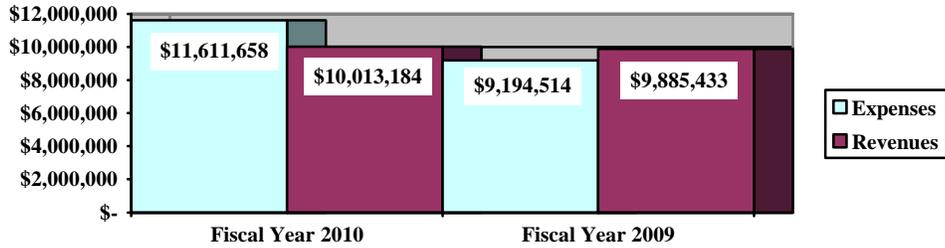
The increase in expenditures was due to the purchase of equipment, including technology upgrades for the new building that was under the District's capitalization threshold.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2010 and 2009.

Governmental Activities - Revenues and Expenses



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

Governmental Activities

	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>
Program expenses				
Instruction:				
Regular	\$ 5,726,747	\$ 5,292,758	\$ 4,455,937	\$ 4,187,537
Special	937,678	630,153	613,016	111,622
Vocational	135,328	77,577	131,353	78,133
Other	6,775	6,187	25,086	25,086
Support services:				
Pupil	225,933	154,054	216,057	130,324
Instructional staff	318,137	210,480	248,335	209,664
Board of education	23,247	23,247	21,480	21,480
Administration	1,002,732	980,660	910,699	910,699
Fiscal	330,285	326,112	256,775	256,775
Business	14,622	14,622	29,638	29,638
Operations and maintenance	713,117	582,541	556,756	528,156
Pupil transportation	653,794	613,203	540,402	497,811
Central	64,536	59,536	4,958	(42)
Operations of non-instructional services:				
Food service operations	351,268	46,839	350,987	12,527
Non-instructional services	176,985	113,626	78,152	8,709
Extracurricular activities	537,790	461,735	367,126	293,322
Interest and fiscal charges	<u>392,684</u>	<u>392,684</u>	<u>387,757</u>	<u>387,757</u>
Total expenses	<u><u>\$ 11,611,658</u></u>	<u><u>\$ 9,986,014</u></u>	<u><u>\$ 9,194,514</u></u>	<u><u>\$ 7,689,198</u></u>

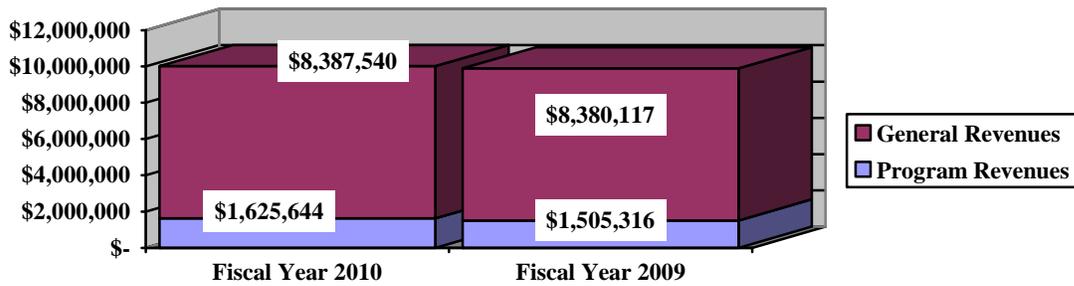
**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The dependence upon tax and other general revenues for governmental activities is apparent, 88.25% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 86.00%. The District's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2010 and 2009.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$5,551,821, which is lower than last year's total of \$10,711,853. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and 2009.

	Fund Balance (Deficit) <u>June 30, 2010</u>	Fund Balance <u>June 30, 2009</u>	Increase/ (Decrease)	Percentage <u>Change</u>
General	\$ 2,531,359	\$ 2,265,405	\$ 265,954	11.74 %
Bond retirement	527,422	353,761	173,661	49.09 %
Classroom facilities	2,009,098	6,449,008	(4,439,910)	(68.85) %
Other governmental	483,942	1,643,679	(1,159,737)	(70.56) %
Total	<u>\$ 5,551,821</u>	<u>\$ 10,711,853</u>	<u>\$ (5,160,032)</u>	(48.17) %

The decrease in fund balance is primarily due to a decrease of \$5,894,673 in fund balance of the classroom facilities fund and the building fund. The decrease in these funds is primarily due to the spending of money for the Ohio Schools Facilities Commission project.

General Fund

The District's general fund, fund balance increased by \$265,954. Revenues exceeded expenditures for fiscal year 2010 by \$186,966.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 3,084,392	\$ 3,082,522	\$ 1,870	0.06 %
Earnings on investments	17,733	42,687	(24,954)	(58.46) %
Intergovernmental	4,602,033	4,797,116	(195,083)	(4.07) %
Other revenues	<u>279,266</u>	<u>272,372</u>	<u>6,894</u>	2.53 %
Total	<u>\$ 7,983,424</u>	<u>\$ 8,194,697</u>	<u>\$ (211,273)</u>	(2.58) %
<u>Expenditures</u>				
Instruction	\$ 4,859,041	\$ 5,016,646	\$ (157,605)	(3.14) %
Support services	2,419,809	2,585,680	(165,871)	(6.41) %
Non-instructional services	37,084	26,761	10,323	38.57 %
Extracurricular activities	284,749	250,885	33,864	13.50 %
Facilities acquisition and construction	17,472	13,220	4,252	32.16 %
Capital outlay	111,488	-	111,488	100.00 %
Debt service	<u>66,815</u>	<u>46,470</u>	<u>20,345</u>	43.78 %
Total	<u>\$ 7,796,458</u>	<u>\$ 7,939,662</u>	<u>\$ (143,204)</u>	(1.80) %

Overall revenues in the general fund decreased \$211,273 or 2.58%. The most significant decrease was in the area of intergovernmental revenue. These revenues decreased \$195,083 from the prior year due to part of foundation revenue now received in State Fiscal Stabilization Funds (SFSF) in the nonmajor governmental funds as part of the American Recovery and Reinvestment Act. Earnings on investments decreased \$24,954 or 38.46%. The decrease in earnings on investments was due to the decrease in interest rates on the District's investments, as well as the total amount of investments.

Expenditures of the general fund decreased \$143,204 or 1.80% due to the District's efforts to control costs.

Bond Retirement

The bond retirement fund had \$704,900 in revenues during fiscal year 2010. The bond retirement fund had \$531,239 in expenditures. During fiscal year 2010, the bond retirement fund's fund balance increased to a fund balance of \$527,422.

Classroom Facilities Fund

The classroom facilities fund had \$324,240 in revenues during fiscal year 2010. The classroom facilities fund had \$4,764,150 in expenditures. During fiscal year 2010, the classroom facilities fund's fund balance decreased \$4,439,910 to a fund balance of \$2,009,098. This decrease is due to construction expenditures for the Ohio School Facilities Commission project.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

During the course of fiscal year 2010, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$8,243,000 and final budgeted revenues and other financing sources were \$7,953,000. Actual revenues and other financing sources for fiscal year 2010, was \$7,990,374. This represents a \$37,374 increase over final budgeted revenues.

General fund original appropriations and other financing uses totaled \$8,251,878 and final appropriations and other financing uses totaled \$8,499,134. The actual budget basis expenditures and other financing uses for fiscal year 2010 totaled \$7,785,469, which is lower than the final budget appropriations by \$713,665.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2010, the District had \$23,454,179 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2010 balances compared to 2009:

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

	Governmental Activities	
	2010	2009
Land	\$ 479,483	\$ 456,136
Construction in progress	-	17,827,880
Land improvements	324,646	319,940
Building and improvements	22,478,140	1,157,396
Furniture and equipment	140,825	25,424
Vehicles	131,424	83,946
Total	\$ 23,554,518	\$ 19,870,722

The overall increase in capital assets of \$3,683,796 is due to capital outlays of \$4,975,805 exceeding depreciation of \$354,765 and disposals of \$937,244 (net of accumulated depreciation).

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

Debt Administration

The following table summarizes the District's long term debt outstanding at June 30, 2010.

	Governmental Activities	Governmental Activities
	2010	2009
Current interest bonds - Series 2007	\$ 8,060,000	\$ 8,245,000
Capital appreciation bonds - Series 2007	180,991	180,991
Accreted interest	80,598	50,607
Loans payable	433,880	456,670
Capital lease obligations	97,462	-
Total	\$ 8,852,931	\$ 8,933,268

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

At June 30, 2010, the District had \$8,852,931 in current interest bonds, capital appreciation bonds, accreted interest loans payable, and capital lease obligations. The general obligation bond issues are comprised of current issue bonds and capital appreciation bonds. Of this total, \$249,058 is due within one year and \$8,603,873 is due within greater than one year.

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

Current Financial Related Activities

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

The District's largest portion of expenditures (approximately 66%) goes towards salary and fringe benefits. The Board will continue to negotiate within the five-year forecast. The Board continues to study the escalating cost for health insurance.

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

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

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

Contacting the District's Financial Management

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

**BASIC
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents. . .	\$ 5,354,170
Cash with fiscal agent	263,124
Receivables:	
Taxes	2,864,675
Accounts.	1,368
Accrued interest	1,833
Intergovernmental	250,997
Prepayments	11,154
Materials and supplies inventory.	12,719
Unamortized bond issuance costs	126,538
Capital assets:	
Land.	479,483
Depreciable capital assets, net.	23,075,035
Capital assets, net	23,554,518
 Total assets.	 32,441,096
 Liabilities:	
Accounts payable.	51,247
Contracts payable.	41,226
Retainage payable	263,124
Accrued wages and benefits	596,087
Pension obligation payable.	169,223
Intergovernmental payable	28,519
Unearned revenue	1,688,498
Accrued interest payable	26,524
Long-term liabilities:	
Due within one year.	353,103
Due in more than one year	9,052,077
 Total liabilities	 12,269,628
 Net Assets:	
Invested in capital assets, net of related debt.	16,014,479
Restricted for:	
Capital projects	1,576,022
Classroom facilities maintenance	122,584
Debt service.	522,080
State funded programs.	4,118
Federally funded programs	58,711
Public school support	10,724
Student activities	10,177
Other purposes	65,616
Unrestricted	1,786,957
 Total net assets	 \$ 20,171,468

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
				<u>Governmental Activities</u>
Governmental activities:				
Instruction:				
Regular	\$ 5,726,747	\$ 257,611	\$ 176,378	\$ (5,292,758)
Special	937,678	21,070	286,455	(630,153)
Vocational	135,328	585	57,166	(77,577)
Other	6,775	-	588	(6,187)
Support services:				
Pupil.	225,933	-	71,879	(154,054)
Instructional staff	318,137	-	107,657	(210,480)
Board of education	23,247	-	-	(23,247)
Administration.	1,002,732	-	22,072	(980,660)
Fiscal.	330,285	-	4,173	(326,112)
Business.	14,622	-	-	(14,622)
Operations and maintenance	713,117	57,190	73,386	(582,541)
Pupil transportation.	653,794	-	40,591	(613,203)
Central	64,536	-	5,000	(59,536)
Operation of non-instructional services:				
Food service operations	351,268	148,521	155,908	(46,839)
Other non-instructional services	176,985	-	63,359	(113,626)
Extracurricular activities.	537,790	74,919	1,136	(461,735)
Interest and fiscal charges	392,684	-	-	(392,684)
 Total governmental activities	 \$ 11,611,658	 \$ 559,896	 \$ 1,065,748	 (9,986,014)
		General Revenues:		
		Property taxes levied for:		
		General purposes		2,174,920
		Debt service.		608,372
		Special revenue.		38,433
		School district income tax		910,176
		Grants and entitlements not restricted		
		to specific programs		4,614,078
		Investment earnings		39,712
		Miscellaneous		1,849
		 Total general revenues		 8,387,540
		 Change in net assets		 (1,598,474)
		 Net assets at beginning of year.		 21,769,942
		 Net assets at end of year		 \$ 20,171,468

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General</u>	<u>Bond Retirement</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents.	\$ 2,487,197	\$ 362,945	\$ 2,042,161	\$ 461,867	\$ 5,354,170
Cash with fiscal agent.	-	-	263,124	-	263,124
Receivables:					
Taxes.	2,229,150	596,182	-	39,343	2,864,675
Accounts.	18	-	488	862	1,368
Accrued interest	682	-	1,151	-	1,833
Intergovernmental	19,229	-	170,024	61,744	250,997
Prepayments.	11,154	-	-	-	11,154
Materials and supplies inventory.	-	-	-	12,719	12,719
Total assets	\$ 4,747,430	\$ 959,127	\$ 2,476,948	\$ 576,535	\$ 8,760,040
Liabilities:					
Accounts payable	\$ 43,855	\$ -	\$ -	\$ 7,392	\$ 51,247
Contracts payable.	-	-	34,702	6,524	41,226
Retainage payable.	-	-	263,124	-	263,124
Accrued wages and benefits.	575,832	-	-	20,255	596,087
Compensated absences payable	87,834	-	-	-	87,834
Intergovernmental payable	25,199	-	-	3,320	28,519
Unearned revenue.	1,244,555	410,523	-	33,420	1,688,498
Deferred revenue	73,678	21,182	170,024	17,577	282,461
Pension obligation payable	165,118	-	-	4,105	169,223
Total liabilities.	2,216,071	431,705	467,850	92,593	3,208,219
Fund Balances:					
Reserved for encumbrances	121,081	-	405,807	40,314	567,202
Reserved for materials and supplies inventory	-	-	-	12,719	12,719
Reserved for prepayments.	11,154	-	-	-	11,154
Reserved for property tax unavailable for appropriation.	470,445	164,477	-	10,392	645,314
Reserved for debt service	-	362,945	-	-	362,945
Unreserved, undesignated, reported in:					
General fund	1,928,679	-	-	-	1,928,679
Special revenue funds	-	-	-	257,360	257,360
Capital projects funds	-	-	1,603,291	163,157	1,766,448
Total fund balances	2,531,359	527,422	2,009,098	483,942	5,551,821
Total liabilities and fund balances	\$ 4,747,430	\$ 959,127	\$ 2,476,948	\$ 576,535	\$ 8,760,040

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2010

Total governmental fund balances		\$ 5,551,821
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		23,554,518
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable	\$ 84,127	
Intergovernmental receivable	<u>198,334</u>	
Total		282,461
Unamortized bond issuance costs are not recognized in the funds		126,538
Unamortized premiums on bond issuance are not recognized in the funds.		(132,391)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(26,524)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable	(332,024)	
General obligation bonds payable	(8,321,589)	
Capital lease obligations	(97,462)	
Loans payable	<u>(433,880)</u>	
Total		<u>(9,184,955)</u>
Net assets of governmental activities		<u>\$ 20,171,468</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>General</u>	<u>Bond Retirement</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Property taxes	\$ 1,721,668	\$ 608,190	\$ -	\$ 38,426	\$ 2,368,284
Income taxes	1,362,724	-	-	-	1,362,724
Tuition	182,343	-	-	-	182,343
Earnings on investments	17,733	-	35,358	5,399	58,490
Charges for services	-	-	-	145,085	145,085
Extracurricular	-	-	-	75,507	75,507
Classroom materials and fees	10,003	-	-	-	10,003
Other local revenues	86,920	-	488	125,527	212,935
Intergovernmental - state	4,584,549	96,710	288,394	83,829	5,053,482
Intergovernmental - federal	17,484	-	-	806,964	824,448
Total revenues	<u>7,983,424</u>	<u>704,900</u>	<u>324,240</u>	<u>1,280,737</u>	<u>10,293,301</u>
Expenditures:					
Current:					
Instruction:					
Regular	4,245,435	-	-	176,459	4,421,894
Special	508,958	-	-	228,528	737,486
Vocational	99,368	-	-	3,547	102,915
Other	5,280	-	-	-	5,280
Support services:					
Pupil	109,639	-	-	67,583	177,222
Instructional staff	141,557	-	-	102,535	244,092
Board of education	16,639	-	-	-	16,639
Administration	777,620	-	-	22,072	799,692
Fiscal	239,297	13,316	-	5,015	257,628
Business	2,707	-	-	-	2,707
Operations and maintenance	560,403	-	-	9,846	570,249
Pupil transportation	525,733	-	-	20,966	546,699
Central	46,214	-	-	5,003	51,217
Operation of non-instructional services:					
Food service operations	-	-	-	272,699	272,699
Other non-instructional services	37,084	-	-	88,969	126,053
Extracurricular activities	284,749	-	-	78,454	363,203
Facilities acquisition and construction	17,472	-	4,764,150	1,391,298	6,172,920
Capital outlay	111,488	-	-	-	111,488
Debt service:					
Principal retirement	36,816	185,000	-	-	221,816
Interest and fiscal charges	29,999	332,923	-	-	362,922
Total expenditures	<u>7,796,458</u>	<u>531,239</u>	<u>4,764,150</u>	<u>2,472,974</u>	<u>15,564,821</u>
Excess (deficiency) of revenues over (under) expenditures	<u>186,966</u>	<u>173,661</u>	<u>(4,439,910)</u>	<u>(1,192,237)</u>	<u>(5,271,520)</u>
Other financing sources (uses):					
Transfers in	-	-	-	32,500	32,500
Transfers (out)	(32,500)	-	-	-	(32,500)
Capital lease transaction	111,488	-	-	-	111,488
Total other financing sources (uses)	<u>78,988</u>	<u>-</u>	<u>-</u>	<u>32,500</u>	<u>111,488</u>
Net change in fund balances	265,954	173,661	(4,439,910)	(1,159,737)	(5,160,032)
Fund balances at beginning of year	<u>2,265,405</u>	<u>353,761</u>	<u>6,449,008</u>	<u>1,643,679</u>	<u>10,711,853</u>
Fund balances at end of year	<u>\$ 2,531,359</u>	<u>\$ 527,422</u>	<u>\$ 2,009,098</u>	<u>\$ 483,942</u>	<u>\$ 5,551,821</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds \$ (5,160,032)

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 capital outlays exceeds depreciation expense in the current period.

Capital asset additions	\$	4,975,805	
Current year depreciation		(354,765)	
 Total			4,621,040

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets. (937,244)

Principal payments on bonds and loans are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 221,816

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

Property taxes		893	
Intergovernmental		(260,084)	
Accrued interest		(18,387)	
 Total			(277,578)

Proceeds of capital lease transactions are recorded as other financing sources in the funds, however, in the statement of activities, they are not reported as other financing sources as they increase the liabilities on the statement of net assets. (111,488)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

Accreted interest on "capital appreciation" bonds		(29,991)	
Amortization of bond issuance costs		(4,979)	
Amortization of bond premiums		5,208	
 Total			(29,762)

Some expenses reported in the statement of activities, such as compensated absences, future retirement obligations, and pension obligations, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 74,774

Change in net assets of governmental activities \$ (1,598,474)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 1,774,426	\$ 1,712,000	\$ 1,718,120	\$ 6,120
Income taxes.	1,408,555	1,359,000	1,359,882	882
Tuition.	187,600	181,000	182,343	1,343
Earnings on investments	17,620	17,000	19,033	2,033
Classroom materials and fees	10,365	10,000	10,003	3
Other local revenues	84,990	82,000	87,162	5,162
Intergovernmental - state	4,726,277	4,560,000	4,577,396	17,396
Intergovernmental - federal	15,547	15,000	17,484	2,484
Total revenues	<u>8,225,380</u>	<u>7,936,000</u>	<u>7,971,423</u>	<u>35,423</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,407,875	4,539,950	4,240,193	299,757
Special.	532,764	548,728	483,018	65,710
Vocational.	106,994	110,200	106,107	4,093
Other.	50,458	51,970	51,787	183
Support services:				
Pupil.	120,587	124,200	111,861	12,339
Instructional staff	184,964	190,506	150,990	39,516
Board of education	29,321	30,200	15,727	14,473
Administration.	875,953	902,200	793,645	108,555
Fiscal	244,378	251,700	238,159	13,541
Business	33,982	35,000	27,573	7,427
Operations and maintenance.	629,590	648,455	606,614	41,841
Pupil transportation	577,229	594,525	556,906	37,619
Central.	40,778	42,000	41,925	75
Operation of non-instructional services	36,409	37,500	31,494	6,006
Extracurricular activities.	328,652	338,500	279,498	59,002
Facilities acquisition and construction	20,389	21,000	17,472	3,528
Total expenditures	<u>8,220,323</u>	<u>8,466,634</u>	<u>7,752,969</u>	<u>713,665</u>
Excess/(deficiency) of revenues over/(under) expenditures.	<u>5,057</u>	<u>(530,634)</u>	<u>218,454</u>	<u>749,088</u>
Other financing sources (uses):				
Refund of prior year's expenditures	17,620	17,000	18,951	1,951
Transfers out.	<u>(31,555)</u>	<u>(32,500)</u>	<u>(32,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(13,935)</u>	<u>(15,500)</u>	<u>(13,549)</u>	<u>1,951</u>
Net change in fund balance	(8,878)	(546,134)	204,905	751,039
Fund balance at beginning of year	1,939,163	1,939,163	1,939,163	-
Prior year encumbrances appropriated	187,256	187,256	187,256	-
Fund balance at end of year	<u>\$ 2,117,541</u>	<u>\$ 1,580,285</u>	<u>\$ 2,331,324</u>	<u>\$ 751,039</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ -	\$ 41,937
Investments	274,552	-
Receivables:		
Accounts	-	183
Accrued interest	1,943	-
 Total assets	 276,495	 \$ 42,120
Liabilities:		
Accounts payable	-	\$ 836
Due to students	-	41,284
 Total liabilities	 -	 \$ 42,120
Net assets:		
Held in trust for scholarships	276,495	
 Total net assets	 \$ 276,495	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Private-Purpose Trust
	Scholarship
Additions:	
Interest.	\$ 4,833
Gifts and contributions.	100,000
	104,833
Total additions.	104,833
 Deductions:	
Scholarships awarded	9,500
Change in net assets.	95,333
Net assets at beginning of year	181,162
Net assets at end of year.	\$ 276,495

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District ranks as the 558th largest by total enrollment among the 905 public school districts and community schools in the State and 6th largest in Crawford County. The District employs 60 certified employees and 38 non-certified employees who provide services to 711 students.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

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

PUBLIC ENTITY RISK POOLS

Wyandot Crawford Health Benefit Plan

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association (NOECA)

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

The following are the District's major governmental funds:

General fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by trust funds; (b) food service operations; and (c) grants and other resources whose use is restricted to a particular purpose.

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

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

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

D. Basis of Accounting

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2010 are recorded as deferred revenue on the governmental fund financial statements.

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

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

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except agency funds). The specific timetable for fiscal year 2010 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Crawford County Budget Commission for tax rate determination. The Crawford County Budget Commission waived this requirement for fiscal year 2010.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2010.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the first digit object level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. Any revisions that alter the total of any first digit object appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2010.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the first digit object level.

F. Cash and Investments

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

During fiscal year 2010, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

The District has invested funds in STAR Ohio during fiscal year 2010. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2010.

Under existing Ohio statutes all investment earnings are assigned to the general fund, unless statutorily required to be credited to a specific fund or by Board Resolution. Interest revenue credited to the general fund during fiscal year 2010 amounted to \$17,733, which includes \$4,529 assigned from other District funds.

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

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

G. Inventory

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

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

H. Capital Assets

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental activities column on the statement of net assets. The District had no interfund loans at June 30, 2010.

J. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2010, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2010 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance Reserves

The District reserves those portions of fund equity 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, materials and supplies inventory, prepayments, debt service and property tax unavailable for appropriation. The reserve for property tax unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

M. 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 governments or imposed by enabling legislation. The District had no restricted assets at June 30, 2010.

N. Net Assets

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

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

O. Unamortized Issuance Costs and Bond Premium

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

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

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

P. Prepayments

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

Q. Estimates

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

R. Interfund Activity

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

S. Parochial School

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

T. 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. Neither type of transaction occurred during fiscal year 2010.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2010, the District has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the District.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the District.

GASB Statement No. 58 establishes 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. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2010 included the following individual fund deficits:

<u>Nonmajor governmental fund</u>	<u>Deficit</u>
EMIS	\$ 20

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Cash on Hand

At fiscal year end, the District had \$80 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and cash equivalents”.

B. Cash with Fiscal Agent

At fiscal year end, the District had \$263,124 on deposit in retainage accounts related to the Ohio School Facilities Construction Project. This amount is reported on the balance sheet and statement of net assets as “cash with fiscal agent”.

C. Deposits with Financial Institutions

At June 30, 2010, the carrying amount of all District deposits was \$4,142,863. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2010, \$3,417,655 of the District’s bank balance of \$4,167,655 was exposed to custodial risk as discussed below, while \$750,000 was covered by the FDIC.

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

D. Investments

As of June 30, 2010, the District had the following investments:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u> 6 months or less
STAR Ohio	<u>\$ 1,527,716</u>	<u>\$ 1,527,716</u>
Total	<u>\$ 1,527,716</u>	<u>\$ 1,527,716</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2010:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 1,527,716	100.00
Total	<u>\$ 1,527,716</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2010:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,142,863
Investments	1,527,716
Cash with fiscal agent	263,124
Cash on hand	<u>80</u>
Total	<u>\$ 5,933,783</u>

<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 5,617,294
Private-purpose trust funds	274,552
Agency funds	<u>41,937</u>
Total	<u>\$ 5,933,783</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the fiscal year ended June 30, 2010, consisted of the following, as reported on the fund financial statements:

Transfers to nonmajor governmental funds from:	
General fund	\$ 32,500

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

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

All transfers made in fiscal year 2010 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 6 - PROPERTY TAXES - (Continued)

The District receives property taxes from Crawford County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available as an advance at June 30, 2010 was \$470,445 in the general fund, \$164,477 in the debt service fund and \$10,392 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2009 was \$466,628 in the general fund, \$163,260 in the debt service fund and \$10,406 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are 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 unearned revenue.

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

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

	2009 Second Half Collections		2010 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 86,804,310	94.38	\$ 91,616,600	95.69
Public utility personal	3,968,660	4.32	4,095,270	4.28
Tangible personal property	<u>1,198,684</u>	<u>1.30</u>	<u>31,030</u>	<u>0.03</u>
Total	<u>\$ 91,971,654</u>	<u>100.00</u>	<u>\$ 95,742,900</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
Current	\$45.50		\$45.00	
Debt	7.60		7.60	
Classroom facility maintenance	0.50		0.50	

NOTE 7 - SCHOOL DISTRICT INCOME TAX

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 7 - SCHOOL DISTRICT INCOME TAX - (Continued)

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

The 1.5% SDIT was passed in November 1989, and collections began January 1, 1990. SDIT revenue received by the general fund during fiscal year 2010 was \$1,362,724.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2010 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the items of receivables reported on the statement of net assets follows:

Governmental activities:

Taxes	\$ 2,864,675
Accounts	1,368
Accrued interest	1,833
Intergovernmental	<u>250,997</u>
Total	<u>\$ 3,118,873</u>

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

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

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:

	<u>Balance</u> <u>06/30/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/10</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 456,136	\$ 23,347	\$ -	\$ 479,483
Construction in progress	<u>17,827,880</u>	<u>4,660,740</u>	<u>(22,488,620)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>18,284,016</u>	<u>4,684,087</u>	<u>(22,488,620)</u>	<u>479,483</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	734,313	63,015	(229,223)	568,105
Buildings and improvements	5,287,257	22,488,621	(4,746,899)	23,028,979
Furniture and equipment	214,634	153,361	(200,883)	167,112
Vehicles	<u>778,928</u>	<u>75,341</u>	<u>-</u>	<u>854,269</u>
Total capital assets, being depreciated	<u>7,015,132</u>	<u>22,780,338</u>	<u>(5,177,005)</u>	<u>24,618,465</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(414,373)	(19,641)	190,555	(243,459)
Buildings and improvements	(4,129,861)	(294,724)	3,873,746	(550,839)
Furniture and equipment	(189,210)	(12,537)	175,460	(26,287)
Vehicles	<u>(694,982)</u>	<u>(27,863)</u>	<u>-</u>	<u>(722,845)</u>
Total accumulated depreciation	<u>(5,428,426)</u>	<u>(354,765)</u>	<u>4,239,761</u>	<u>(1,543,430)</u>
Governmental activities capital assets, net	<u>\$ 19,870,722</u>	<u>\$ 27,109,660</u>	<u>\$ (23,425,864)</u>	<u>\$ 23,554,518</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 187,437
Special	7,382
Vocational	5,538
Pupil	1,476
Instructional staff	6,644
Board of education	1,898
Administration	8,015
Fiscal	316
Business	11,149

Support services:

Operations and maintenance	10,822
Pupil transportation	29,873
Extracurricular activities	78,446
Food service operations	<u>5,769</u>
Total depreciation expense	<u>\$ 354,765</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE

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

Equipment in the amount of \$111,488 has been capitalized as a capital asset. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2010 totaled \$14,026 paid by the general fund. Accumulated depreciation as of June 30, 2010 was \$11,149 leaving a current book value of \$100,339.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2010:

<u>Fiscal Year Ending June 30,</u>	
2011	\$ 27,127
2012	27,127
2013	27,127
2014	27,127
2015	<u>6,781</u>
Total minimum lease payments	115,289
Less amount representing interest	<u>(17,827)</u>
Total	<u>\$ 97,462</u>

NOTE 11 - LONG-TERM OBLIGATIONS

A. During fiscal year 2010, the following activity occurred in the governmental activities long-term obligations:

	Balance			Amounts	
	<u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due in</u>
				<u>June 30, 2010</u>	<u>One Year</u>
General obligation bonds	\$ 8,476,598	\$ 29,991	\$ (185,000)	\$ 8,321,589	\$ 205,000
Capital lease	-	111,488	(14,026)	97,462	20,055
Loan payable	456,670	-	(22,790)	433,880	24,003
Compensated absences	<u>428,372</u>	<u>27,940</u>	<u>(36,454)</u>	<u>419,858</u>	<u>104,045</u>
Total governmental activities	<u>\$ 9,361,640</u>	<u>\$ 169,419</u>	<u>\$ (258,270)</u>	9,272,789	<u>\$ 353,103</u>
Add: Unamortized premium on bonds				<u>132,391</u>	
Total on statement of net assets				<u>\$ 9,405,180</u>	

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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

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

- B. General Obligation Bonds - Series 2007:** On May 30, 2007, the District issued general obligation bonds to finance building construction and improvements in accordance with the terms of a facilities grant from the Ohio Schools Facilities Commission (OSFC). The total project (hereafter "Construction Project") encompasses the construction of one new facility to house K-12 and to demolish Buckeye East Elementary, Buckeye North Elementary, Buckeye West Elementary and Buckeye Central High School. This issue is comprised of both current interest bonds, par value \$8,260,000, and capital appreciation bonds, par value \$180,991. The interest rates on the current interest bonds range from 4.00% to 4.25%. The capital appreciation bonds mature on December 1, 2014 (stated interest 12.59%) and December 1, 2015 (stated interest 12.59%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$480,000. Total accreted interest of \$80,598 has been included in the statement of net assets at June 30, 2010. At June 30, 2010, the District had \$798,414 of unspent bond proceeds remaining on the bond issue.

These bonds represent the amount of the Construction Project that the District itself was required to finance, in accordance with the terms of the facilities grant from OSFC. OSFC will make quarterly disbursements to the District as the project is completed. As of June 30, 2010, the total cost of the Construction Project is \$21,284,160, of which OSFC will pay \$16,924,895.

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

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

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

The following is a schedule of activity for fiscal year 2010 on the 2007 series bonds:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Current interest bonds -				
2007 Series	\$ 8,245,000	\$ -	\$(185,000)	\$ 8,060,000
Capital appreciation bonds -				
2007 Series	180,991	-	-	180,991
Capital appreciation bonds -				
Accreted Interest	<u>50,607</u>	<u>29,991</u>	<u>-</u>	<u>80,598</u>
Total	<u>\$ 8,476,598</u>	<u>\$ 29,991</u>	<u>\$(185,000)</u>	<u>\$ 8,321,589</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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

Fiscal Year Ending June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 205,000	\$ 325,123	\$ 530,123	\$ -	\$ -	\$ -
2012	215,000	316,723	531,723	-	-	-
2013	225,000	307,923	532,923	-	-	-
2014	235,000	298,723	533,723	-	-	-
2015	-	294,022	294,022	96,014	143,986	240,000
2016 - 2020	1,020,000	1,390,515	2,410,515	84,977	155,023	240,000
2021 - 2025	1,520,000	1,119,315	2,639,315	-	-	-
2026 - 2030	1,850,000	782,865	2,632,865	-	-	-
2031 - 2035	2,275,000	358,659	2,633,659	-	-	-
2036	515,000	10,944	525,944	-	-	-
Total	\$ 8,060,000	\$ 5,204,812	\$ 13,264,812	\$ 180,991	\$ 299,009	\$ 480,000

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

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

The remaining balance of the debt, including interest, at June 30, 2010, is \$604,111 and matures in 2023. The District receives tax revenue related to the new boundaries. The activity related to this transaction has been reclassified and is reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements in the general fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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

Fiscal Year Ending June 30.	Principal	Interest	Total
2011	\$ 24,003	\$ 22,468	\$ 46,471
2012	25,279	21,191	46,470
2013	26,624	19,846	46,470
2014	28,040	18,430	46,470
2015	29,531	16,939	46,470
2016 - 2020	172,955	59,395	232,350
2021 - 2023	127,448	11,962	139,410
Total	<u>\$ 433,880</u>	<u>\$ 170,231</u>	<u>\$ 604,111</u>

D. Legal Debt Margin

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

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

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

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

The District maintains property insurance with Dawson Companies for real property and building contents. Real property and contents are insured for \$26,124,558. General liability is protected by KMU, with a \$2,000,000 annual aggregate/\$1,000,000 single occurrence limit and \$6,000,000 excess liability coverage. The bus fleet is also covered by Dawson Companies.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 12 - RISK MANAGEMENT - (Continued)

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

B. Employee Health Insurance

The District has joined together with Carey Exempted Village Schools, Colonel Crawford Local Schools, Galion City School District, Shelby City School District and Upper Sandusky Exempted Village Schools to form the Wyandot Crawford Health Benefit Plan (WCHBP), a public entity shared risk pool, operating as a common risk management and insurance program for the member Districts. The plan was organized to provide benefit coverage for employees, dependents and designated beneficiaries of such employees. The Huntington National Bank serves as trustee for the Wyandot-Crawford Health Benefit Plan. The District pays an annual premium to the pool for its general insurance coverage. The risk of loss transfers entirely from the District to WCHBP. The Agreement for formation of the WCHBP provides that the WCHBP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$110,000 for each insured event.

C. Workers' Compensation

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

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

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 13 - PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.74 percent and .04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$119,069, \$86,894 and \$84,664, respectively; 46.69 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System of Ohio

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

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

Funding Policy - For fiscal year 2010, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - PENSION PLANS - (Continued)

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009 and 2008 were \$417,369, \$413,099 and \$412,409, respectively; 83.66 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 \$7,581 made by the District and \$5,415 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2010, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2010, 2009, and 2008 were \$23,306, \$58,348 and \$56,614, respectively; 46.69 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 fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$7,081, \$7,169 and \$6,100, respectively; 46.69 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System of Ohio

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org 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 District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$32,105, \$31,777 and \$31,724, respectively; 83.66 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

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

Net Change in Fund Balance	<u>General fund</u>
Budget basis	\$ 204,905
Net adjustment for revenue accruals	12,001
Net adjustment for expenditure accruals	(199,362)
Net adjustment for other financing sources/uses	92,537
Adjustment for encumbrances	<u>155,873</u>
GAAP basis	<u>\$ 265,954</u>

NOTE 16 - CONTINGENCIES

A. Grants

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

B. Litigation

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 17 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2010, the reserve activity was as follows:

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2009	\$ (222,496)	\$ (8,341,851)
Current year set-aside requirement	123,593	123,593
Current year offsets	-	(12,500)
Qualifying disbursements	<u>(54,035)</u>	<u>(167,071)</u>
 Total	 <u>\$ (152,938)</u>	 <u>\$ (8,397,829)</u>
 Balance carried forward to fiscal year 2011	 <u>\$ (152,938)</u>	 <u>\$ (8,341,851)</u>

The amount of qualifying disbursements exceeding the set-aside requirement in the textbooks/instructional materials reserve may be carried forward to reduce the set-aside requirement for future years. Bonds issued during fiscal year 2009 were prior year offsets for the capital acquisition reserve that may be carried forward to future years.

NOTE 18 - CONTRACTUAL COMMITMENTS

As a result of the Ohio School Facilities Project that was in progress at June 30, 2010, the District had the following outstanding contractual commitments at fiscal year end:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Amount Outstanding</u>
Adena	\$ 504,900	\$ 487,266	\$ 17,634
Buehrer Architecture & Engineering	<u>1,275,600</u>	<u>1,244,400</u>	<u>31,200</u>
 Total	 <u>\$ 1,780,500</u>	 <u>\$ 1,731,666</u>	 <u>\$ 48,834</u>

SUPPLEMENTARY DATA

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
<i>Nutrition Grant Cluster:</i>				
(C)(D) School Breakfast Program	10.553	2010	\$ 20,251	\$ 20,251
(D)(E) National School Lunch Program - Food Donation	10.555	2010	17,554	17,554
(C)(D) National School Lunch Program	10.555	2010	104,883	104,883
Total National School Lunch Program			122,437	122,437
Total U.S. Department of Agriculture and Nutrition Grant Cluster			142,688	142,688
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
<i>Title I Grant Cluster:</i>				
(F) Title I Grants to Local Educational Agencies	84.010	2009	15,599	16,345
(F) Title I Grants to Local Educational Agencies	84.010	2010	82,866	82,653
Total Title I Grants to Local Educational Agencies			98,465	98,998
(F) ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2010	36,305	29,280
Total Title I Grant Cluster			134,770	128,278
<i>Special Education Grant Cluster:</i>				
(G) Special Education_Grants to States	84.027	2009	129,071	127,092
(G) ARRA - Special Education_Grants to States, Recovery Act	84.391	2010	74,200	71,338
Total Special Education Grant Cluster			203,271	198,430
Safe and Drug-Free Schools and Communities_State Grants	84.186	2009	-	60
Safe and Drug-Free Schools and Communities_State Grants	84.186	2010	1,991	1,814
Total Safe and Drug-Free Schools and Communities_State Grants			1,991	1,874
Education Technology State Grants	84.318	2010	900	900
Improving Teacher Quality State Grants	84.367	2009	1,073	2,711
Improving Teacher Quality State Grants	84.367	2010	23,653	22,000
Total Improving Teacher Quality State Grants			24,726	24,711
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	2010	275,649	275,649
Total U.S. Department of Education			641,307	629,842
Total Federal Financial Assistance			\$ 783,995	\$ 772,530

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

- (A) OAKS did not assign pass through numbers for fiscal year 2010.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (D) Included as part of "Nutrition Grant Cluster" in determining major programs.
- (E) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at entitlement value.
- (F) Included as part of "Title I Grant Cluster" in determining major programs.
- (G) Included as part of "Special Education Grant Cluster" in determining major programs.



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**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Basic Financial Statements
Performed in Accordance With *Government Auditing Standards***

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Buckeye Central Local School District, Crawford County, Ohio, as of and for the fiscal year ended June 30, 2010, which collectively comprise Buckeye Central Local School District's basic financial statements and have issued our report thereon dated December 8, 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 Buckeye Central Local School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Buckeye Central Local School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Buckeye Central Local School District's internal control over financial reporting.

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

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

Board of Education
Buckeye Central Local School District

Compliance and Other Matters

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

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 8, 2010



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

Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

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

To the Board of Education:

Compliance

We have audited the compliance of the Buckeye Central Local School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that apply to each of its major federal programs for the fiscal year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Buckeye Central Local School District's major federal programs. The Buckeye Central Local School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Buckeye Central Local School District's compliance based on our audit.

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

In our opinion, the Buckeye Central School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

The Buckeye Central Local School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Buckeye Central Local School District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of 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 Buckeye Central Local School District's internal control over compliance.

Board of Education
Buckeye Central Local School District

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

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

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 8, 2010

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

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

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Dave Yost • Auditor of State

BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT

CRAWFORD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 1, 2011**