



Mary Taylor, CPA
Auditor of State

Buckeye Local School District
Basic Financial Statements
For the Fiscal Year Ended June 30, 2006
Table of Contents

	<u>Page</u>
Independent Accountants' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet – Governmental Funds	14
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	15
Statement of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund	18
Statement of Fiduciary Net Assets-Fiduciary Funds	19
Statement of Changes in Fiduciary Net Assets – Private Purpose Trust Fund	20
Notes to the Basic Financial Statements	21
Schedule of Federal Awards Expenditures	45
Notes to the Schedule of Federal Awards Expenditures	46
Independent Accountants' Report on Internal Controls over Financial Reporting and on Compliance and Other Matters required by Government Auditing Standards	47
Independent Accountants' Report on Compliance with Requirements Applicable to Each Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	49
Schedule of Findings	51

THIS PAGE INTENTIONALLY LEFT BLANK.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Buckeye Local School District
Ashtabula County
3436 Edgewood Drive
Ashtabula, Ohio 44004

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Local School District, Ashtabula County, Ohio, (the District), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Local School District, Ashtabula County, Ohio, as of June 30, 2006, and the respective changes in financial position thereof, and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949

www.auditor.state.oh.us

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

April 9, 2007

Buckeye Local School District
Ashtabula County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

The discussion and analysis of Buckeye 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, 2006. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2006 are as follows:

Overall:

- For governmental activities, net assets increased \$607,932, which represents an 11.6 percent increase from fiscal year 2005.
- General revenues accounted for \$17,399,672 in revenue or 86.2 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,792,346 or 13.8 percent of total governmental revenues of \$20,192,018.
- The District had \$19,584,086 in expenses related to governmental activities; only \$2,792,346 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$17,399,672 were adequate to provide for these programs.
- The general fund, excluding transfers, had \$17,770,104 in revenues and \$17,482,969 in expenditures. The general fund's fund balance increased to \$2,303,124 from \$2,032,768 in fiscal year 2005.

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 Buckeye Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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 and what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Buckeye School District, the general fund by far is the most significant fund.

Buckeye Local School District
Ashtabula County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

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 fiscal year 2006?" The Statement of Net Assets and the Statement of Activities answers this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the 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 District has only one kind of activity:

- **Governmental Activities** - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. Due to the continuing subsidies that go to the lunchroom fund from the general fund, the lunchroom operation is also being considered as governmental activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 14. 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 financial statements focus on the District's most significant funds. The District's major governmental fund is the general 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 balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual*, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting

Buckeye Local School District
Ashtabula County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

used for fiduciary funds is much like that used for proprietary funds. The School District's fiduciary funds are private purpose trust and agency.

The District as a Whole

Table 1 shows net assets for fiscal year 2006 as compared to fiscal year 2005.

Table 1

	2006 Governmental Activities	2005 Governmental Activities
Assets:		
Current and Other Assets	\$12,504,053	\$13,538,120
Capital Asset, Net of Accumulated Depreciation	4,052,254	3,966,527
<i>Total Assets</i>	<u>16,556,307</u>	<u>17,504,647</u>
Liabilities:		
Current Liabilities	9,213,222	10,554,705
Long-term Liabilities:		
Due within One Year	182,012	305,878
Due in More than One Year	1,307,128	1,398,051
<i>Total Liabilities</i>	<u>10,702,362</u>	<u>12,258,634</u>
Net Assets:		
Invested in Capital Assets, Net of Debt	3,682,254	3,491,527
Restricted	530,542	379,794
Unrestricted	1,641,149	1,374,692
<i>Total Net Assets</i>	<u>\$5,853,945</u>	<u>\$5,246,013</u>

Total assets decreased by \$948,340. The decrease can be attributed to a reduction in taxes and intergovernmental receivable, as well as a decrease in the cash balance from fiscal year 2005.

Total liabilities decreased by \$1,556,272. This decrease was due to decreases in accrued wages, accounts payable and deferred revenue from fiscal year 2005. Principal owed on the energy conservation notes also decreased as a result of payments made on the debt.

By comparing assets and liabilities, one can see the overall position of the School District has improved as evidenced by the increase in net assets of \$607,932.

The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$17,399,672 or 86.2 percent of the total revenue. The most significant portion of the general revenue is local property tax. The remaining amount of revenue received was in the form of program revenues, which equaled \$2,792,346 or 13.8 percent of total revenue.

Buckeye Local School District
Ashtabula County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

Table 2
Change in Net Assets
Governmental Activities

	2006	2005
Revenues		
<i>Program Revenues</i>		
Charges for Services and Sales	\$1,634,779	\$1,310,283
Operating Grants and Contributions	1,157,567	1,007,427
<i>Total Program Revenues</i>	2,792,346	2,317,710
<i>General Revenues</i>		
Property Taxes	10,434,679	9,840,438
Intergovernmental	6,767,088	6,725,553
Investment Earnings	138,518	59,176
Miscellaneous	57,997	372,107
Gain on Sale of Capital Assets	1,390	682
<i>Total General Revenues</i>	17,399,672	16,997,956
<i>Total Revenues</i>	20,192,018	19,315,666
<i>Program Expenses</i>		
Current:		
Instruction:		
Regular	9,808,597	10,191,741
Special	1,864,859	1,856,368
Vocational	313,413	321,444
Adult/Continuing	0	900
Support Services:		
Pupil	595,613	500,213
Instructional Staff	251,453	404,453
Board of Education	35,313	31,937
Administration	1,372,217	1,285,349
Fiscal	553,997	519,109
Business	87,916	94,474
Operation and Maintenance of Plant	1,975,538	1,804,406
Pupil Transportation	1,128,949	1,085,198
Central	54,774	135,047
Operation of Food Services	1,010,330	936,965
Extracurricular Activities	509,313	484,156
Interest and Fiscal Charges	21,804	25,930
<i>Total Program Expenses</i>	19,584,086	19,677,690
<i>Increase (Decrease) in Net Assets</i>	607,932	(362,024)
Net Assets Beginning of Year	5,246,013	5,608,037
<i>Net Assets End of Year</i>	\$5,853,945	\$5,246,013

Buckeye Local School District
Ashtabula County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to voters to maintain a constant level of service. Property taxes made up 51.7 percent of revenue for governmental activities for Buckeye Local School District in fiscal year 2006, remaining fairly consistent with prior years.

Governmental Activities

Total net assets of the School District increased \$607,932 during fiscal year 2006. The governmental expenses of \$19,584,086 were offset by program revenues of \$2,792,346 and general revenues of \$17,399,672. Program revenues supported 14.3 percent of the total governmental activities.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 85.2 percent of total governmental revenue.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services.

Table 3
Total and Net Cost of Program Services

	2006		2005	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction	\$11,986,869	\$10,296,113	\$12,370,453	\$11,180,105
Support Services:				
Pupil	595,613	595,613	500,213	500,213
Instructional Staff	251,453	153,884	404,453	306,623
Board of Education	35,313	35,313	31,937	31,937
Administration	1,372,217	1,372,217	1,285,349	1,285,349
Fiscal	553,997	553,997	519,109	519,109
Business	87,916	87,916	94,474	94,474
Operation and Maintenance of Plant	1,975,538	1,975,538	1,804,406	1,804,406
Pupil Transportation	1,128,949	1,128,949	1,085,198	1,085,198
Central	54,774	46,858	135,047	135,047
Food Service Operation	1,010,330	178,115	936,965	52,032
Extracurricular Activities	509,313	345,423	484,156	339,557
Interest and Fiscal Charges	21,804	21,804	25,930	25,930
Total Expenditures	\$19,584,086	\$16,791,740	\$19,677,690	\$17,359,980

Buckeye Local School District
Ashtabula County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

The dependence upon general tax revenues for governmental activities is apparent. Over 53 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue and prior year cash balance support all expenses as shown in the above table. The community, as a whole, is by far the primary support for Buckeye Local School District students.

The District's Funds

Information regarding the School District's major funds begins on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues, excluding transfers, of \$20,164,272 to offset expenditures of \$19,812,243. The net change in fund balance for the year was most significant in the general fund, which increased \$270,356. As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, property taxes are the largest revenue source, accounting for nearly 52 percent of total governmental revenue. Clearly, the community is the greatest source of financial support for the students of the Buckeye Local School District.

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.

During the course of fiscal year 2006 the District amended its General Fund budget numerous times. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, actual revenue was \$17,469,840, which was \$132,935 more than the final budgeted revenue of \$17,336,905 and \$907,490 more than the original budget estimate of \$16,562,350.

Total actual expenditures were \$18,070,071, which was \$220,268 less than final budgeted expenditures of \$18,290,339 and \$80,705 less than original budgeted expenditures of \$18,150,776.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2006, the School District had \$4,052,254 invested in land, buildings and improvements, furniture, fixtures and equipment, vehicles and textbooks. Table 4 shows fiscal year 2006 balances compared to fiscal year 2005:

Buckeye Local School District
Ashtabula County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

Table 4
Capital Assets at June 30 (Net of Depreciation)

	2006	2005
Land	\$402,305	\$402,305
Buildings and Improvements	2,156,637	2,024,946
Furniture, Fixtures and Equipment	733,311	656,034
Vehicles	478,600	585,470
Textbooks	281,401	297,772
<i>Total</i>	\$4,052,254	\$3,966,527

All capital assets, except land, are reported net of depreciation. As one can see, the School District had an overall increase in capital assets of \$85,727. The increase is due to the acquisition of \$419,924 in capital assets during the fiscal year which were offset by annual depreciation of \$334,072. For more information about the School District's capital assets, see Note 7 to the basic financial statements.

Set-Aside Requirements

In fiscal year 1999, a change in Ohio law required school districts to set aside two percent of certain revenues for capital improvements and an additional two-percent for textbooks; this amount was increased to three percent beginning in fiscal year 2000. For fiscal year 2006, the set-aside requirement was \$343,185 for each set aside. During fiscal year 2006, the District spent more than the set-aside amount for capital improvement, however, a set-aside amount of \$60,580 for textbooks will be carried forward to the next fiscal year.

Debt

At June 30, 2006, the School District had \$370,000 in energy conservation bonds outstanding as compared to \$475,000 at June 30, 2005. Of this total, \$115,000 is due within one year and \$255,000 is due in more than one year.

Current Financial Related Activities

Buckeye Local School District is strong financially. As the preceding information shows, the District heavily depends on its property taxpayers. With the passage of a 6.5 mill continuous operating levy and collection beginning January 2006 the District has been able to continue its education programs. However, financially the future is not without challenges.

While the District was successful in increasing its tax revenue base in 2000, this increase is a one-time increase. State law fixes the amount of this increase, forcing it to remain nearly constant. Thus management must diligently plan expenses, staying carefully within the District's five-year forecast.

Declining state foundation payments due to increased property valuations provide no significant increase in future revenues. This decline is due to the increasing valuation charge-offs in determining state foundation

Buckeye Local School District
Ashtabula County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

payments. The increases in property tax revenues are almost offset to decreases in state foundation payments. With its major sources of revenue not keeping pace with expenditure increases, the District must seek additional tax revenues to continue current operations. However, the District cannot look to the State of Ohio for increased revenue.

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations. Virtually, no additional state revenue will be available to Buckeye Local School District. Thus, both taxes and state revenue are fixed or declining.

HB 66 will eliminate personal property taxes with a hold harmless period of five years starting in calendar year 2006. In year six, the personal property tax reimbursements for the hold harmless amounts will be reduced for seven years to zero. Personal property taxes account for over 40 percent of tax revenue in fiscal year 2006. The State of Ohio is proposing the replacement of these revenues by a new tax, the CAT tax. However, substantial information on the amounts that school districts will receive from the CAT tax has yet to be determined.

The scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In addition, the District's system of budgeting and internal controls is well regarded. All of the District's financial abilities will be needed to meet the challenges of the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, 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 Sherry Wentworth, Treasurer, at Buckeye Local School District, 3436 Edgewood Drive, Ashtabula, Ohio 44004.

THIS PAGE INTENTIONALLY LEFT BLANK.

Buckeye Local School District

Statement of Net Assets

June 30, 2006

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,133,800
Accounts Receivable	2,909
Intergovernmental Receivable	51,624
Prepaid Items	47,487
Inventory Held for Resale	19,188
Materials and Supplies Inventory	76,970
Property Taxes Receivable	10,172,075
Nondepreciable Capital Assets	402,305
Depreciable Capital Assets, Net	3,649,949
<i>Total Assets</i>	<u>16,556,307</u>
Liabilities	
Accounts Payable	11,940
Accrued Wages Payable	1,355,341
Intergovernmental Payable	595,424
Matured Compensated Absences Payable	13,831
Deferred Revenue	6,524,452
Accrued Interest Payable	1,156
Claims Payable	711,078
Long-Term Liabilities:	
Due Within One Year	182,012
Due In More Than One Year	1,307,128
<i>Total Liabilities</i>	<u>10,702,362</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	3,682,254
Restricted for:	
Capital Projects	342,154
Debt Service	5,336
Other Purposes	122,472
Set-asides	60,580
Unrestricted	1,641,149
<i>Total Net Assets</i>	<u><u>\$5,853,945</u></u>

See accompanying notes to the basic financial statements

Buckeye Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2006

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$9,808,597	\$1,006,422	\$293,395	(\$8,508,780)
Special	1,864,859	0	390,939	(1,473,920)
Vocational	313,413	0	0	(313,413)
Support Services:				
Pupil	595,613	0	0	(595,613)
Instructional Staff	251,453	0	97,569	(153,884)
Board of Education	35,313	0	0	(35,313)
Administration	1,372,217	0	0	(1,372,217)
Fiscal	553,997	0	0	(553,997)
Business	87,916	0	0	(87,916)
Operation and Maintenance of Plant	1,975,538	0	0	(1,975,538)
Pupil Transportation	1,128,949	0	0	(1,128,949)
Central	54,774	0	7,916	(46,858)
Operation of Food Services	1,010,330	465,505	366,710	(178,115)
Extracurricular Activities	509,313	162,852	1,038	(345,423)
Interest and Fiscal Charges	21,804	0	0	(21,804)
<i>Totals</i>	<u>\$19,584,086</u>	<u>\$1,634,779</u>	<u>\$1,157,567</u>	<u>(16,791,740)</u>
General Revenues				
Property Taxes Levied for:				
				9,925,599
				99,804
				409,276
Grants and Entitlements not Restricted				
				6,767,088
				138,518
				57,997
				1,390
				<u>17,399,672</u>
				607,932
				<u>5,246,013</u>
				<u>\$5,853,945</u>

See accompanying notes to the basic financial statements

Buckeye Local School District*Balance Sheet
Governmental Funds
June 30, 2006*

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,567,247	\$505,973	\$2,073,220
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	60,580	0	60,580
Receivables:			
Accounts	2,495	414	2,909
Intergovernmental	0	51,624	51,624
Taxes	9,605,499	566,576	10,172,075
Interfund Receivable	65,900	0	65,900
Prepaid Items	47,487	0	47,487
Inventory Held for Resale	0	19,188	19,188
Materials and Supplies Inventory	73,779	3,191	76,970
<i>Total Assets</i>	<u>\$11,422,987</u>	<u>\$1,146,966</u>	<u>\$12,569,953</u>
Liabilities			
Accounts Payable	\$4,464	\$7,476	\$11,940
Accrued Wages Payable	1,279,001	76,340	1,355,341
Intergovernmental Payable	566,683	28,741	595,424
Matured Compensated Absences Payable	12,173	1,658	13,831
Interfund Payable	0	65,900	65,900
Claims Payable	711,078	0	711,078
Deferred Revenue	6,546,464	447,977	6,994,441
<i>Total Liabilities</i>	<u>9,119,863</u>	<u>628,092</u>	<u>9,747,955</u>
Fund Balances			
Reserved for Encumbrances	80,867	141,983	222,850
Reserved for Property Taxes	3,059,035	118,599	3,177,634
Reserved for Textbooks	60,580	0	60,580
Unreserved:			
Undesignated, Reported in:			
General Fund	(897,358)	0	(897,358)
Debt Service Fund	0	6,492	6,492
Special Revenue Funds	0	125,380	125,380
Capital Projects Funds	0	126,420	126,420
<i>Total Fund Balances</i>	<u>2,303,124</u>	<u>518,874</u>	<u>2,821,998</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$11,422,987</u>	<u>\$1,146,966</u>	<u>\$12,569,953</u>

See accompanying notes to the basic financial statements

Buckeye Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2006*

Total Governmental Fund Balances	\$2,821,998
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,052,254
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. These deferrals are attributed to property taxes.	469,989
In the statement of activities, interest is accrued on outstanding energy conservation bonds, whereas in governmental funds, an interest expenditure is reported when due.	(1,156)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Energy Conservation Bonds	(370,000)
Compensated Absences	(1,119,140)
	(1,489,140)
Total	\$5,853,945

Net Assets of Governmental Activities

See accompanying notes to the basic financial statements

Buckeye Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2006

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$9,897,184	\$509,624	\$10,406,808
Intergovernmental	6,741,400	1,178,317	7,919,717
Interest	138,292	226	138,518
Tuition and Fees	879,110	57,303	936,413
Extracurricular Activities	0	162,852	162,852
Rentals	70,009	0	70,009
Contributions and Donations	0	4,938	4,938
Food Service Sales	0	465,505	465,505
Miscellaneous	42,594	15,403	57,997
<i>Total Revenues</i>	<u>17,768,589</u>	<u>2,394,168</u>	<u>20,162,757</u>
Expenditures			
Current:			
Instruction:			
Regular	9,333,965	333,590	9,667,555
Special	1,497,357	336,368	1,833,725
Vocational	339,958	0	339,958
Support Services:			
Pupil	593,072	0	593,072
Instructional Staff	209,786	87,652	297,438
Board of Education	35,012	301	35,313
Administration	1,364,430	0	1,364,430
Fiscal	545,363	7,949	553,312
Business	89,699	0	89,699
Operation and Maintenance of Plant	1,944,213	0	1,944,213
Pupil Transportation	1,018,381	0	1,018,381
Central	43,259	9,020	52,279
Operation of Food Services	0	998,603	998,603
Extracurricular Activities	412,698	98,643	511,341
Capital Outlay	55,776	331,500	387,276
Debt Service:			
Principal Retirement	0	105,000	105,000
Interest and Fiscal Charges	0	20,648	20,648
<i>Total Expenditures</i>	<u>17,482,969</u>	<u>2,329,274</u>	<u>19,812,243</u>
<i>Excess of Revenues Over Expenditures</i>	<u>285,620</u>	<u>64,894</u>	<u>350,514</u>
Other Financing Sources (Uses)			
Proceeds from sale of Capital Assets	1,515	0	1,515
Transfers In	119,525	136,305	255,830
Transfers Out	(136,304)	(119,526)	(255,830)
<i>Total Other Financing Sources (Uses)</i>	<u>(15,264)</u>	<u>16,779</u>	<u>1,515</u>
<i>Net Change in Fund Balances</i>	270,356	81,673	352,029
<i>Fund Balances Beginning of Year</i>	<u>2,032,768</u>	<u>437,201</u>	<u>2,469,969</u>
<i>Fund Balances End of Year</i>	<u>\$2,303,124</u>	<u>\$518,874</u>	<u>\$2,821,998</u>

See accompanying notes to the basic financial statements

Buckeye Local School District
*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, 2006*

Net Change in Fund Balances - Total Governmental Funds \$352,029

*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
exceeded depreciation in the current period.

Capital Outlay	419,924
Current Year Depreciation	<u>(334,072)</u>

Total	85,852
-------	--------

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds. These
revenues were attributed to property taxes. 27,871

Repayment of long-term debt principal is an expenditure
in the governmental funds, but the repayment reduces
long-term liabilities in the statement of net assets. 105,000

Some expenses reported in the statement of activities, such as accrued
interest on bonds, do not require the use of current financial resources
and therefore are not reported as expenditures in governmental funds. (1,281)

Some expenses reported in the statement of activities, such as
compensated absences, do not require the use of current
financial resources and therefore are not reported
as expenditures in governmental funds. 38,461

Change in Net Assets of Governmental Activities 607,932

See accompanying notes to the basic financial statements

Buckeye Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes	\$9,110,483	\$9,513,753	\$9,591,846	\$78,093
Intergovernmental	6,403,085	6,686,514	6,741,400	54,886
Interest	129,580	135,316	136,427	1,111
Tuition and Fees	834,868	871,823	878,979	7,156
Rentals	64,976	67,852	68,409	557
Miscellaneous	19,358	61,647	52,779	(8,868)
<i>Total Revenues</i>	<u>16,562,350</u>	<u>17,336,905</u>	<u>17,469,840</u>	<u>132,935</u>
Expenditures				
Current:				
Instruction:				
Regular	9,655,961	9,748,781	9,697,295	51,486
Special	1,477,817	1,467,734	1,467,350	384
Vocational	365,183	374,623	366,904	7,719
Support Services:				
Pupil	606,833	605,499	605,175	324
Instructional Staff	232,104	265,836	227,144	38,692
Board of Education	32,139	36,688	33,078	3,610
Administration	1,455,107	1,455,356	1,446,314	9,042
Fiscal	548,041	550,063	549,776	287
Business	91,889	89,452	89,452	0
Operation and Maintenance of Plant	2,115,967	2,104,994	2,035,700	69,294
Pupil Transportation	1,048,481	1,071,136	1,041,920	29,216
Central	47,958	41,898	38,870	3,028
Extracurricular Activities	414,174	415,068	415,067	1
Capital Outlay	59,122	63,211	56,026	7,185
<i>Total Expenditures</i>	<u>18,150,776</u>	<u>18,290,339</u>	<u>18,070,071</u>	<u>220,268</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,588,426)</u>	<u>(953,434)</u>	<u>(600,231)</u>	<u>353,203</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	1,515	1,515	1,515	0
Advance In	174,587	174,587	174,587	0
Advance Out	(65,900)	(65,900)	(65,900)	0
Transfers In	0	661,969	119,525	(542,444)
Transfers Out	(300,000)	(329,464)	(136,304)	193,160
<i>Total Other Financing Sources (Uses)</i>	<u>(189,798)</u>	<u>442,707</u>	<u>93,423</u>	<u>(349,284)</u>
<i>Net Change in Fund Balance</i>	<u>(1,778,224)</u>	<u>(510,727)</u>	<u>(506,808)</u>	<u>3,919</u>
<i>Fund Balance Beginning of Year</i>	1,836,706	1,836,706	1,836,706	0
Prior Year Encumbrances Appropriated	<u>213,159</u>	<u>213,159</u>	<u>213,159</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$271,641</u>	<u>\$1,539,138</u>	<u>\$1,543,057</u>	<u>\$3,919</u>

See accompanying notes to the basic financial statements

Buckeye Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$32,527	\$48,338
Liabilities		
Due to Students	0	\$48,338
Net Assets		
Held in Trust for Scholarships	\$32,527	

See accompanying notes to the basic financial statements

Buckeye Local School District
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2006

	<u>Scholarship</u>
Additions	
Interest	<u>\$1,343</u>
Deductions	
Scholarships Awarded	<u>1,250</u>
<i>Change in Net Assets</i>	93
<i>Net Assets Beginning of Year</i>	<u>32,434</u>
<i>Net Assets End of Year</i>	<u><u>\$32,527</u></u>

See accompanying notes to the basic financial statements

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 1 – Description of the School District and Reporting Entity

The District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local district as defined by Section 3311 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.

Average daily membership (ADM) as of October 1, 2006 was 2,280. The District employed 146 certified employees and 103 non-certificated employees. The District is supervised by the Ashtabula County Educational Service Center, a separate entity.

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 acquisition and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities and functions for which the District is financially accountable. This report includes all activities considered by management to be part of the District by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the District over which the District is financially accountable.

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 2 – Summary of Significant Accounting Policies

The financial statements of the Buckeye Local School District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 Standard Board (FASB) statements and interpretations issued after November 30, 1989, to its governmental and business-type activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

A. Fund Accounting

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

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

General Fund - This 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 to the District for any purpose provided it is expended or transferred according to the bylaws of the District and the laws of the State of Ohio.

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

Fiduciary Fund Types Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust, investment trust, private-purpose trust 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 fund 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 only agency fund is a student activities fund, which accounts for student activities for students.

B. Basis of Presentation

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

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

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

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

The trust fund is reported using the economic resources measurement focus.

C. 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 and the statements for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). 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 year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

D. Budget and Budgetary Accounting

All governmental fund types are subject to annual expenditure budgets. The Board follows the procedures outlined below in establishing the expenditure budget data reported in the basic financial statements:

Tax Budget A tax budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20th of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at its regular board meeting in January. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

Estimated Resources The County Budget Commission certifies its actions to the District by March 1st. As part of this certification, the District receives the Official Certificate of Estimated Resources, which states the projected receipts of each fund. During the month of July, this certificate is amended to include any unencumbered balances from the preceding fiscal year.

Appropriations An annual appropriation measure must be passed by the Board of Education by October 1st of each year for the period July 1st to June 30th. Unencumbered appropriations lapse at year-end and the encumbered balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Board of Education usually adopts temporary appropriations at its regular board meeting in June. The Annual Appropriation Resolution is usually adopted at the September regular board meeting. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the object level.

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Encumbrances As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year-end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

Lapsing of Appropriations At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

E. Cash and Investments

Cash received by the District is pooled in a central bank account with individual fund balance integrity maintained throughout. 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 Investments." During the fiscal year, all investments were limited to Federal agency bonds and notes, the State Treasury Asset Reserve of Ohio (STAR Ohio) and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2006.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. For the District, all investment earnings accrue to the General Fund, Special Trust Fund and Private-Purpose Trust Fund, as authorized by board resolution. Interest income earned in fiscal year 2006 totaled \$139,861.

F. Inventories

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2006, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

H. Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund include amounts required by State statute to be set-aside for the purchase of textbooks. See Note 17 for additional information regarding set asides.

I. Capital Assets

The School District's only capital assets are general capital assets. General capital assets are those assets not specifically related to activities reported in the proprietary fund. These 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 retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	30 - 50 years
Furniture	20 years
Equipment	10 - 20years
Fixtures	15 years
Vehicles	10 years

J. Interfund Balances

On the fund financial statements, receivables and payables resulting short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental columns of the statement of net assets.

K. 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

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid from them are not presented on the financial statements.

L. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified employees with five years of service and certified employees with ten years of service.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund or funds from which the employees who have accumulated the leave are paid.

M. 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 are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions and special termination benefits 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 fiscal year. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due.

N. 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 appropriations or expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes and textbooks.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The net assets held in trust for scholarships signify the legal restrictions on the use of principal.

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports restricted net assets of \$530,542, of which \$401,875 is restricted by enabling legislation. Net assets restricted for other purposes include operation of instructional services, food service operations and extracurricular activities.

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

P. 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 2006.

Q. Estimates

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

Note 3 – Budgetary Basis of Accounting

While the School District is reporting its 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, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual 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 GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for (GAAP basis).
4. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

5. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund:

	Net Change in Fund Balance	
GAAP Basis		\$270,356
Net Adjustment for Revenue Accruals		(298,749)
Advances In		174,587
Advances Out		(65,900)
Net Adjustment for Expenditure Accruals		(504,197)
Adjustment for Encumbrances		(82,905)
Budget Basis		(\$506,808)

Note 4 – Cash and Investments

Monies held by the School District are classified by State statute into three categories. Active deposits are public deposits determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawals on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

1. United States Treasury 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;
4. Bonds and other obligations of the State of Ohio or Ohio local government;

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio);
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, \$165,752 of the School District's bank balance of \$342,246 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial risk beyond the requirement of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred give percent of the deposited being secured.

Investments

As of June 30, 2006, the School District had the following investments. All investments are in an internal investment pool.

	Fair Value	Maturity
Catergorized Investments:		
Fifth Third Investment Money Market	\$556	Daily
Federal Home Loan Bank	220,813	Less than Three Months
Federal National Mortgage Corporation	100,198	More than One Year
Total Categorized Investments	321,567	
Non-catergorized Investments:		
Government & Government Agency		
STAR Ohio	1,587,644	33 Days
Total Investments	\$1,909,211	

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Interest Rate Risk The School District has no investment policy that addresses the interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk The Fifth Third Investment Money Market, Federal Home Loan Bank bonds and the Federal National Mortgage Association notes all carry a rating of AAA by Standard & Pool's and STAR Ohio also carries a rating of AAAM by Standard & Pool's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

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

Concentration of Credit Risk The School District places no limit on the account it may invest in any one issuer. The following is the School District's allocation as of June 30, 2006:

Investment	Percentage of Investment
Fifth Third Investment Money Market	0.03%
Federal Home Loan Bank	11.57%
Federal National Mortgage Corporation	5.25%
STAR Ohio	83.16%
Total	100.00%

Note 5 – Property Tax

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

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2006 (other than public utility property tax) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value listed as of December 31, 2005. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Ashtabula County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2006 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2006 was \$3,059,035 in the general fund and \$118,599 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2005, was \$2,780,754 in the general fund and \$117,874 in the permanent improvement capital projects fund.

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

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

The assessed values upon which the fiscal year 2006 taxes were collected are:

	2005 Second Half Collections		2006 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$215,983,740	57.5%	\$238,016,540	68.7%
Public Utility Personal	25,556,760	33.7%	24,193,420	7.0%
General Business Personal	84,797,650	8.8%	84,458,070	24.4%
	\$326,338,150	100.0%	\$346,668,030	100.0%
Tax Rate per \$1,000 of assessed valuation	\$43.61		\$43.61	

Note 6 – Receivables

Receivables at June 30, 2006 consisted of taxes, accounts (miscellaneous), 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 guarantee of Federal funds.

A summary of the principal items of Intergovernmental Receivables follows:

Non-major Governmental Funds:	
Title I Grant	\$31,466
Class Size reduction Grant	18,992
Title III Grant	928
Limited English Proficiency Grant	238
Total Intergovernmental Receivable	\$51,624

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 7 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	Balance 7/1/2005	Addition	Deletion	Balance 6/30/2006
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$402,305	\$0	\$0	\$402,305
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	6,265,040	203,839	0	6,468,879
Furniture, Equipment and Fixtures	2,609,049	216,085	(10,975)	2,814,159
Vehicles	1,615,337	0	(89,275)	1,526,062
Textbooks	408,865	0	0	408,865
Total Capital Assets, being depreciated:	10,898,291	419,924	(100,250)	11,217,965
Less Accumulated Depreciation:				
Building and Improvements	(4,240,094)	(72,148)	0	(4,312,242)
Furniture, Equipment, and Fixtures	(1,953,015)	(138,683)	10,850	(2,080,848)
Vehicles	(1,029,867)	(106,870)	89,275	(1,047,462)
Textbooks	(111,093)	(16,371)	0	(127,464)
Total Accumulated Depreciation	(7,334,069)	(334,072)	100,125	(7,568,016)
Total Capital Assets being depreciated, net	3,564,222	85,852	(125)	3,649,949
Governmental Activities Capital Assets, Net	\$3,966,527	\$85,852	(\$125)	\$4,052,254

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$150,015
Vocational	2,775
Support Services:	
Pupil	1,921
Instructional Staff	5,789
Administration	1,891
Operation and Maintenance of Plant	53,919
Pupil Transportation	100,543
Central	2,495
Operation of Food Services	11,648
Extracurricular Activities	3,076
Total Depreciation Expense	\$334,072

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 8 – Interfund Balances

A. Interfund Transfers

Interfund transfers for the year ended June 30, 2006, consisted of the following, as reported on the fund financial statements:

Transfers To	Transfers From		Total
	General	Nonmajor Governmental Funds	
General	\$0	\$119,525	\$119,525
Nonmajor Governmental Funds	136,305	0	136,305
Total	\$136,305	\$119,525	\$255,830

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization. Transfers are also used to close out the funds that are no longer required.

B. Interfund Receivable/Payable

The interfund receivable/payable consisted of the following at June 30, 2005, as reported on the fund financial statements:

	Interfund Receivable	Interfund Payable
Major Governmental Fund:		
General	\$65,900	\$0
Non-major Governmental Funds:		
Public School Support	0	298
Ohio Reads	0	22,009
Title I	0	26,064
Title VI	0	3,735
Class Size Reduction	0	13,794
	\$65,900	\$65,900

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 9 – Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (11 and 12 month) are eligible for vacation time. The number of days granted is determined upon length of service. For fiscal year 2006, the superintendent was granted twenty days of vacation. Effective January 10, 2006 the treasurer was granted fifteen days of vacation prorated annually at a use or lose basis.

Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Any vacation time which is unused as of the employee's anniversary date is expired and not available for use in a subsequent year unless approved by the superintendent. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

The classified personnel accumulate vacation based on the following schedule:

Years Service	Vacation Weeks
1-8	2
9-13	3
14-beyond	4

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis; certified employees, 295 days and classified employees, 285 days.

For all employees, retirement severance is paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement if the employee has been employed by the District for a minimum of ten consecutive years at the time of retirement for certified personnel and a minimum of five consecutive years for classified personnel. Any employee receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-fourth of all accumulated sick leave credited to that employee up to 75 days for classified employees and for certified employees there is no max.

Note 10 - Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853 or by visiting the SERS website at ohsers.org.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58 percent of annual

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$237,076, \$468,522, and \$415,019, respectively; 55 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004.

B. State Teachers Retirement System of Ohio

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. 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 43215-3371, by calling (614) 227-4090, 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 member 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 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years of 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2006, 2005, and 2004, were \$1,029,411, \$1,315,325, and \$1,135,684, respectively; 83 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. Contributions to the DC and Combined Plans for fiscal year 2006 were \$4,699 made by the School District and \$4,476 made by the plan members.

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 11 - Postemployment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$79,186 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005, (the latest information available) the balance in the Fund was \$3.3 billion. For the fiscal year ended June 30, 2005, net health care costs paid by STRS Ohio were \$254,780,000 and STRS Ohio had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2005. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2006 fiscal year equaled \$93,839.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available) were \$178,221,113. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has 58,123 participants eligible to receive health care benefits.

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 12 – Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The School District has addressed these various types of risk by purchasing a comprehensive insurance policy through School of Ohio Risk Sharing Authority (SORSA). Professional liability insurance is maintained in the amount of \$1,000,000 for each occurrence and \$3,000,000 in the aggregate. The School District carries excess liability insurance in the amount of \$2,000,000 in the aggregate. The School District maintains fleet insurance in the amount of \$1,000,000 for any one accident or loss. The School District maintains replacement cost insurance on buildings and contents in the amount of \$41,447,505. Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from the prior year.

B. Employee Medical Benefits

The School District has contracted with the Ashtabula County Schools Council of Governments to provide employee medical/surgical, prescription drug, dental and vision benefits. The Ashtabula County Schools Council of Governments is organized under Chapter 167 of the Ohio Revised Code and is comprised of seven Ashtabula County school districts. Rates are set by the Ashtabula County Schools Council of Governments board of directors. The School District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. Ashtabula County Schools Council of Governments is a separate and independent entity governed by its own set of by-laws and constitution. All assets and liabilities are the responsibility of the Council of Governments. The program is operated as a full indemnity program with no financial liability (other than monthly premiums) or risk to the School District. The School District is not liable nor receives a cash balance of past claims upon departure from the pool.

C. Workers' Compensation

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), and insurance purchasing pool. 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 Ohio School Boards Association (OSBA). The Executive Director of OSBA, or his 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 in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 13 – Notes and Long-Term Debt

A summary of changes in long-term obligations for the year ended June 30, 2006, are as follows:

	Principal Outstanding 07/01/2005	Additions	Reductions	Principal Outstanding 06/30/2006	Amounts Due in One Year
Governmental Activities					
1997 Energy Conservation Bonds	\$135,000	\$0	(\$65,000)	\$70,000	\$70,000
2003 Energy Conservation Bonds	340,000	0	(40,000)	300,000	45,000
Compensated Absences	1,157,601	162,417	(200,878)	1,119,140	67,012
Total Long-Term Liabilities	<u>\$1,632,601</u>	<u>\$162,417</u>	<u>(\$305,878)</u>	<u>\$1,489,140</u>	<u>\$182,012</u>

1997 Energy Conservation Bonds The District issued Energy Conservation Bonds in the amount of \$558,125 on July 15, 1996. The bonds mature in December 2006 and have an average interest rate of 5.7 percent.

2003 Energy Conservation Bonds The District issued Energy Conservation Bonds in the amount of \$463,415 on July 10, 2002. The bonds mature in December 2011 and have an average interest rate of 4.625 percent.

Compensated absences will be paid from the general fund and the food service and Title I special revenue funds.

The School District's overall legal debt margin was \$30,823,631 with an unvoted debt margin of \$346,668 at June 30, 2006. Principal requirements to retire general obligation debt outstanding at June 30, 2006, are as follows:

Fiscal year Ending June 30,	1997 Energy Conservation Bonds		2003 Energy Conservation Bonds	
	Principal	Interest	Principal	Interest
2007	\$70,000	\$0	\$45,000	\$12,834
2008	0	0	45,000	10,753
2009	0	0	50,000	8,556
2010	0	0	50,000	6,244
2011	0	0	55,000	3,816
2012	0	0	55,000	1,272
Total	<u>\$70,000</u>	<u>\$0</u>	<u>\$300,000</u>	<u>\$43,475</u>

Note 14 – Jointly Governed Organizations and Public Entity Risk Pools

Northeast Ohio Management Information Network (NEOMIN) NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

electronic equipment to administrative and instructional functions among member districts. Each of the districts support NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County districts, and a treasurer from each county. The District was represented on the Governing Board during fiscal year 2002. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained by contacting the Trumbull Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

Kingsville Public Library The Kingsville Public Library (the Library) is a district political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on the behalf of the Library, its role is limited to a ministerial function. The determination to request approval of tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Kingsville Public Library, Carole L. Vanek, Clerk/Treasurer, at 6006 Academy Street, Kingsville, Ohio 44048.

Northeast Ohio Special Education Regional Resources Center (NEO/SERRC) NEO/SERRC is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for the children with disabilities and their parents.

NEO/SERRC is governed by a governing board of 39 members made up of representatives from 35 superintendents of the participating districts, one non-public school, one county board of mental retardation and two parents whose terms rotate each year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, 100 DeBartolo Place, Youngstown, Ohio 44512.

Ashtabula County Joint Vocational School District The Ashtabula County Joint Vocational School District (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The JVS is operated under the direction of a Board consisting of one representative from each of the participating School Districts' elected boards. The degree of control exercised by the School District is limited to its representation on the Board. The Board is its own budgeting and taxing authority. The School District paid \$52,193 in contributions for fiscal year 2006. Financial information can be obtained from MaryAnn Wayman, Treasurer at Ashtabula County Joint Vocational School District, 1565 State Route 167, Jefferson, Ohio 44047.

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 15 – Contingencies

A. Grants

The District received financial assistance from federal and state 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2006.

B. Litigation

The District is not party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2006

Note 16 – Millennium Inorganic Corporation Tax Refund Escrow Fund

In anticipation of a pollution control equipment tax refund to the Millennium Inorganic Corporation, the District has set aside, within the general fund, the estimated tax refund of \$711,078. The Corporation has paid these taxes since 1993; figures used in the calculation of the refund were provided by Millennium Inorganic Corporation. The District has refunded \$439,807 and an additional partial refund is expected to occur within the next year.

Note 17 – Statutory Reserves

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

The following cash basis information describes the change in the fiscal year end set aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

Buckeye Local School District
Ashtabula County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

	Textbooks	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2005	(\$72,528)	\$0
Current Year Set-Aside Requirement	343,185	343,185
Qualifying Disbursements	(210,077)	(285,320)
Current year offsets	0	(407,166)
Total	\$60,580	(\$349,301)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$60,580	\$0
Cash balance as of June 30, 2006	\$60,580	\$0

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years. The total reserve balance for the two set-asides at the end of the fiscal year was \$60,580.

Note 18 – Insurance Purchasing Pool

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. 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 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.

THIS PAGE INTENTIONALLY LEFT BLANK.

**BUCKEYE LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY
FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2006**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through The Ohio Department of Education.</i>						
<i>Nutrition Cluster:</i>						
Food Distribution Program	N/A	10.550		\$ 32,983		\$ 32,983
School Breakfast Program	05-PU 2005 05-PU 2006	10.553	\$ 13,623 43,427		\$ 13,623 43,427	
Subtotal -- School Breakfast Program			<u>57,050</u>		<u>57,050</u>	
National School Lunch Program	LL-P4-2005 LL-P4-2006	10.555	73,141 188,957		73,141 188,957	
Subtotal -- School National School Lunch Program			<u>262,098</u>		<u>262,098</u>	
Total U.S. Department of Agriculture -- Nutrition Cluster			<u>\$ 319,148</u>	<u>\$ 32,983</u>	<u>\$ 319,148</u>	<u>\$ 32,983</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through The Ohio Department of Education.</i>						
<i>Grants to Local Educational Agencies</i>						
Title I School Subsidy	C1-S1-2005 C1-S1-2006 C1-SD-2005 C1-SD-2006 C1-SK-2005 C1-SK-2006	84.010	128,771 250,625 (4,037) 6,366 29,943 49,768		63,156 248,487 1,791 6,366 13,812 51,882	
Total -- Title I School Subsidy			<u>461,436</u>		<u>385,494</u>	
<i>Special Education Grants Cluster:</i>						
Title VI - B Special Education Grants to States	6B-PB-2006	84.027	15,000		15,000	
<i>Safe and Drug Free Schools Grant</i>						
Safe and Drug Free Schools Grant	DR-S1-2005 DR-S1-2006	84.186	(335) 9,535		9,200	
Total - Safe and Drug Free Schools			<u>9,200</u>		<u>9,200</u>	
<i>Title V, Part A -- Innovative Educational Program Strategies</i>						
Title V, Part A -- Innovative Educational Program Strategies	C2-S1-2005 C2-S1-2006	84.298	2,117 6,609		6,429	
Total - Title V Part A			<u>8,726</u>		<u>6,429</u>	
<i>Title II-D -- Technology Literacy Challenge Fund Grants</i>						
Title II-D -- Technology Literacy Challenge Fund Grants	TJ-S1-2005 TJ-S1-2006	84.318	9,428 527		9,529 140	
Total - Title II - D			<u>9,955</u>		<u>9,669</u>	
<i>Advanced Placement Program</i>						
Advanced Placement Program	AV-TF-2006	84.330	156			
<i>Title II, Part A -- Improving Teacher Quality</i>						
Title II, Part A -- Improving Teacher Quality	TR-S1-2005 TR-S1-2006	84.367	21,804 50,128		11,515 50,129	
Total - Title II Part A			<u>71,932</u>		<u>61,644</u>	
Total -- U.S. Department of Education			<u>\$ 576,405</u>		<u>\$ 487,436</u>	
Totals			<u>\$ 895,553</u>	<u>\$ 32,983</u>	<u>\$ 806,584</u>	<u>\$ 32,983</u>

The accompanying notes to this schedule are an integral part of this schedule.

**BUCKEYE LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2006**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures is a summary of activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B- FOOD DISTRIBUTION

Program regulations do not require the District to maintain separate inventory records for the purchased food and food received from the U. S. Department of Agriculture. This nonmonetary assistance (expenditure) is reported in the Schedule at the fair market value of the commodities received.

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

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



Mary Taylor, CPA

Auditor of State

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

Buckeye Local School District
Ashtabula County
3436 Edgewood Drive
Ashtabula, Ohio 44004

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Local School District (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 9, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated April 9, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated April 9, 2007, we reported other matters related to noncompliance we deemed immaterial.

Buckeye Local School District
Ashtabula County
Independent Accountants' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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

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

Mary Taylor, CPA
Auditor of State

April 9, 2007



Mary Taylor, CPA

Auditor of State

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

Buckeye Local School District
Ashtabula County
3436 Edgewood Drive
Ashtabula, Ohio 44004

To the Board of Education:

Compliance

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

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

In our opinion, the Buckeye Local School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2006.

Internal Control Over Compliance

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

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

Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949

www.auditor.state.oh.us

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

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

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

Mary Taylor, CPA
Auditor of State

April 9, 2007

**BUCKEYE LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY
JUNE 30, 2006**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 ' .505**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

Finding Number	None
----------------	------

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	None
----------------	------



Mary Taylor, CPA
Auditor of State

BUCKEYE LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 31, 2007