

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

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

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2007***

**NANCY ACKERMAN, TREASURER**





Mary Taylor, CPA  
Auditor of State

Board of Education  
Buckeye Central Local School District  
306 South Kibler Street  
New Washington, Ohio 44854

We have reviewed the *Independent Auditor's Report* of the Buckeye Central Local School District, Crawford County, prepared by Julian & Grube, Inc., for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 23, 2008

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

**BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Central Local School District, Crawford County, Ohio, as of and for the fiscal year ended June 30, 2007, which collectively comprise Buckeye Central Local School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Buckeye Central Local School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Central Local School District, Crawford County, Ohio, as of June 30, 2007, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2007, on our consideration of Buckeye Central Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Julian & Grube, Inc.  
December 20, 2007

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The management's discussion and analysis of the Buckeye Central Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2007 are as follows:

- In total, net assets of governmental activities increased \$17,283,939 which represents a 486.02% increase from 2006.
- General revenues accounted for \$24,538,975 in revenue or 93.63% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,668,258 or 6.37% of total revenues of \$26,207,233.
- The District had \$8,923,294 in expenses related to governmental activities; \$1,668,258 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$24,538,975 were adequate to provide for these programs.
- The District's three major governmental funds are the general fund, building fund, and classroom facilities fund. The general fund had \$8,151,919 in revenues, \$7,917,555 in expenditures and \$82,500 in transfers out. During fiscal year 2007, the general fund's fund balance increased \$151,864 from \$1,675,319 to \$1,827,183.
- The building fund had \$18,502 revenues, \$23,935 in expenditures and \$4,081,725 in sale of bonds. During fiscal year 2007, the building fund's fund balance increased to a balance of \$4,076,292.
- The classroom facilities fund had \$809,544 revenues, \$116,918 in expenditures and \$4,359,266 in sale of bonds. During fiscal year 2007, the classrooms facilities fund's fund balance increased to a balance of \$5,051,892.

**Using these Basic Financial Statements**

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

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



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**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 2007?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

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

*Governmental Funds*

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

*Fiduciary Funds*

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

*Notes to the Basic Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-48 of this report.

**The District as a Whole**

The statement of net assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2007 and 2006.

	<b>Net Assets</b>	
	Governmental Activities 2007	Governmental Activities 2006
<b><u>Assets</u></b>		
Current and other assets	\$ 31,259,052	\$ 5,355,315
Capital assets, net	2,409,262	2,157,331
Total assets	33,668,314	7,512,646
<b><u>Liabilities</u></b>		
Current liabilities	3,852,542	3,580,043
Long-term liabilities	8,975,641	376,411
Total liabilities	12,828,183	3,956,454
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	2,258,927	2,137,557
Restricted	17,076,017	47,649
Unrestricted	1,505,187	1,370,986
Total net assets	\$ 20,840,131	\$ 3,556,192

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2007, the District's assets exceeded liabilities by \$20,840,131. Of this total, \$1,505,187 is unrestricted in use.

At year-end, capital assets represented 7.16% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2007, were \$2,258,927. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

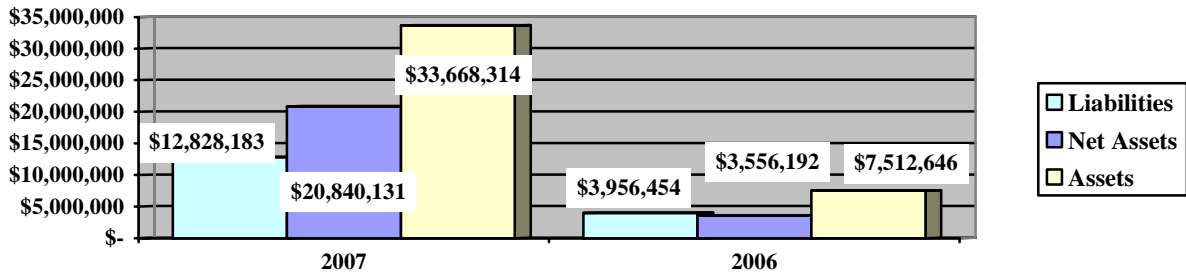
A portion of the District's net assets, \$17,076,017, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$1,505,187 may be used to meet the District's ongoing obligations to the students and creditors.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The table below illustrates the District's assets, liabilities and net assets at June 30, 2007:

**Governmental Activities**



The table below shows the change in net assets for fiscal year 2007 and 2006.

	<u>Change in Net Assets</u>	
	<u>Governmental Activities 2007</u>	<u>Governmental Activities 2006</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 483,746	\$ 317,397
Operating grants and contributions	969,166	522,058
Capital grants and contributions	215,346	56,685
General revenues:		
Property taxes	1,866,696	1,796,110
School district income tax	1,382,324	1,268,157
Grants and entitlements	21,092,667	3,031,252
Investment earnings	166,736	88,409
Miscellaneous	30,552	59,837
<b>Total revenues</b>	<u>26,207,233</u>	<u>7,139,905</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<b>Change in Net Assets</b>	
	<b>Governmental Activities 2007</b>	<b>Governmental Activities 2006</b>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 4,572,115	\$ 3,087,346
Special	609,894	588,434
Vocational	116,507	75,022
Other	69,296	69,615
Support services:		
Pupil	236,383	229,807
Instructional staff	333,467	296,616
Board of education	21,746	22,759
Administration	872,590	872,586
Fiscal	222,606	223,270
Business	7,764	15,245
Operations and maintenance	553,790	603,725
Pupil transportation	479,774	491,655
Central	4,990	2,895
Operations of non-instructional services:		
Food service operations	339,196	340,673
Non-instructional services	13,323	76,116
Extracurricular activities	391,927	389,189
Intergovernmental pass-through	47,627	-
Interest and fiscal charges	30,299	2,264
Total expenses	8,923,294	7,387,217
Change in net assets	17,283,939	(247,312)
Net assets at beginning of year	3,556,192	3,803,504
Net assets at end of year	\$ 20,840,131	\$ 3,556,192

**Governmental Activities**

Net assets of the District's governmental activities increased \$17,283,939. Total governmental expenses of \$8,923,294 were offset by program revenues of \$1,668,258 and general revenues of \$24,538,975. Program revenues supported 18.70% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from taxes, and grants and entitlements. These revenue sources represent 92.88% of total governmental revenue.

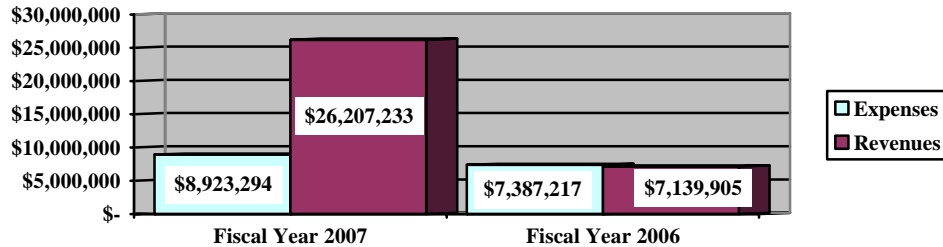
The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,367,812 or 60.16% of total governmental expenses for fiscal year 2007.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2007 and 2006.

**Governmental Activities - Revenues and Expenses**



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

**Governmental Activities**

	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 4,572,115	\$ 4,376,730	\$ 3,087,346	\$ 2,974,353
Special	609,894	161,118	588,434	468,696
Vocational	116,507	61,027	75,022	75,022
Other	69,296	69,296	69,615	69,615
Support services:				
Pupil	236,383	128,378	229,807	127,519
Instructional staff	333,467	227,897	296,616	253,940
Board of education	21,746	21,746	22,759	22,759
Administration	872,590	872,590	872,586	872,586
Fiscal	222,606	222,484	223,270	223,270
Business	7,764	7,764	15,245	15,245
Operations and maintenance	553,790	553,790	603,725	600,957
Pupil transportation	479,774	420,242	491,655	491,655
Central	4,990	(10)	2,895	(2,105)
Operations of non-instructional services:				
Non-instructional services	13,323	9,450	76,116	(4,091)
Food service operations	339,196	52,013	340,673	67,664
Extracurricular activities	391,927	73,355	389,189	231,728
Intergovernmental pass-through	47,627	(33,133)	-	-
Interest and fiscal charges	30,299	30,299	2,264	2,264
<b>Total expenses</b>	<u>\$ 8,923,294</u>	<u>\$ 7,255,036</u>	<u>\$ 7,387,217</u>	<u>\$ 6,491,077</u>

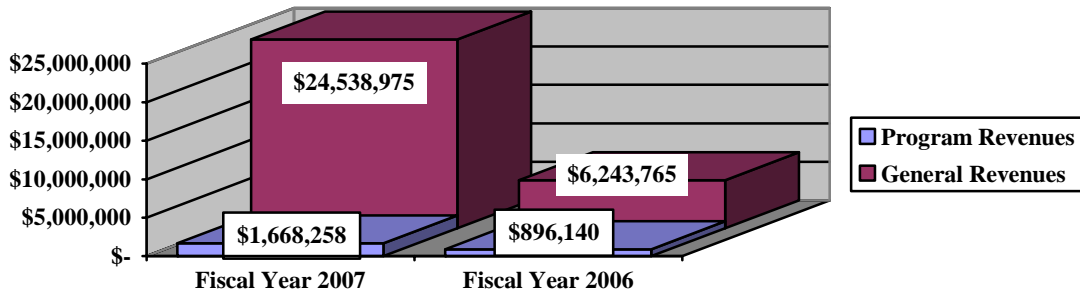
**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The dependence upon tax and other general revenues for governmental activities is apparent, 86.97% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 81.30%. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2007 and 2006.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$11,075,209, which is higher than last year's total of \$1,726,603. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2007 and 2006.

	Fund Balance <u>June 30, 2007</u>	Fund Balance <u>June 30, 2006</u>	<u>Decrease</u>	<u>Percentage Change</u>
General	\$ 1,827,183	\$ 1,675,319	\$ 151,864	9.06 %
Building	4,076,292	-	4,076,292	100.00 %
Classroom Facilities	5,051,892	-	5,051,892	100.00 %
Other Governmental	<u>119,842</u>	<u>51,284</u>	<u>68,558</u>	133.68 %
Total	<u>\$ 11,075,209</u>	<u>\$ 1,726,603</u>	<u>\$ 9,348,606</u>	541.45 %

**General Fund**

The District's general fund, fund balance increased by \$151,864. Revenues exceeded expenditures for fiscal year 2007 by \$234,364. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 3,237,008	\$ 3,073,173	\$ 163,835	5.33 %
Earnings on investments	123,452	87,299	36,153	41.41 %
Intergovernmental	4,582,157	3,031,252	1,550,905	51.16 %
Other revenues	<u>209,302</u>	<u>80,094</u>	<u>129,208</u>	161.32 %
Total	<u>\$ 8,151,919</u>	<u>\$ 6,271,818</u>	<u>\$ 1,880,101</u>	29.98 %
<b><u>Expenditures</u></b>				
Instruction	\$ 5,075,465	\$ 3,531,633	\$ 1,543,832	43.71 %
Support services	2,560,510	2,492,841	67,669	2.71 %
Non-instructional services	20,171	-	20,171	100.00 %
Extracurricular activities	235,002	251,615	(16,613)	(6.60) %
Facilities acquisition and construction	8,599	6,995	1,604	22.93 %
Debt service	<u>17,808</u>	<u>17,808</u>	<u>-</u>	- %
Total	<u>\$ 7,917,555</u>	<u>\$ 6,300,892</u>	<u>\$ 1,616,663</u>	25.66 %

Overall revenues in the general fund increased \$1,880,101 or 29.98%. The most significant increase was in the area of intergovernmental revenues. Intergovernmental revenues increased \$1,550,905 or 51.16%. This increase is a result of the District no longer “grossing up” school foundation receipts. Tax revenues increased 5.33%. This increase can be attributed to an increased amount of taxes available for advance by the County at fiscal year end. Other revenues increased \$129,208 or 161.32%. The increase in other revenues is the result of the District no longer “grossing up” open enrollment receipts with other revenue line items. The increase in earnings on investments is due to the District receiving better interest rates on investments.

Expenditures of the general fund increased \$1,616,663 or 25.66%. The most significant increase was in the area of instructional expenditures which increased \$1,543,832 or 43.71%. The increase in regular instructional expenditures is due mainly to the District accounting for open enrollment and community school expenditures. In the past, the District would “gross up” the school foundation receipt.

***Building Fund***

The building fund had \$4,100,227 in revenues and other financing sources during fiscal year 2007. The building fund had \$23,935 in expenditures. During fiscal year 2007, the building fund’s fund balance increased to a fund balance of \$4,076,292.

***Classroom Facilities Fund***

The classroom facilities fund had \$5,168,810 in revenues and other financing sources during fiscal year 2007. The building fund had \$116,918 in expenditures. During fiscal year 2007, the classroom facilities fund’s fund balance increased to a fund balance of \$5,051,892.

***General Fund Budgeting Highlights***

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

During the course of fiscal year 2007, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$6,463,000 and final budgeted revenues and other financing sources were \$7,963,050. Actual revenues and other financing sources for fiscal year 2007, was \$8,020,991. This represents a \$57,941 increase over final budgeted revenues.

General fund original appropriations and other financing uses totaled \$6,553,500 and final appropriations and other financing uses totaled \$8,253,550. The actual budget basis expenditures and other financing uses for fiscal year 2007 totaled \$8,145,296, which is lower than the final budget appropriations by \$108,254.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2007, the District had \$2,409,262 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2007 balances compared to 2006:

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

	Governmental Activities	
	2007	2006
Land	\$ 456,136	\$ 456,136
Construction in progress	130,789	-
Land improvements	338,125	153,550
Building and improvements	1,303,707	1,390,457
Furniture and equipment	38,254	50,606
Vehicles	142,251	106,582
Total	\$ 2,409,262	\$ 2,157,331

The overall increase in capital assets of \$251,931 is due to capital outlays of \$401,884 exceeding depreciation of \$149,953 in the fiscal year.

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

*Debt Administration*

The following table summarizes the District's long term debt outstanding at June 30, 2007.

	Governmental Activities 2007	Governmental Activities 2006
Current interest bonds - Series 2007	\$ 8,260,000	\$ -
Capital appreciation bonds - Series 2007	180,991	-
Accreted interest	546	-
Capital lease obligations	2,939	19,774
Total	\$ 8,444,476	\$ 19,774



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

At June 30, 2007, the District had \$8,444,476 in current interest bonds, capital appreciation bonds, accreted interest and capital leases. The general obligation bond issues are comprised of current issue bonds and capital appreciation bonds. Of this total, \$2,939 is due within one year and \$8,441,537 is due within greater than one year.

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

**Current Financial Related Activities**

Overall, the District is financially sound. However, the five-year forecast shows some financial concern in fiscal year 2012. The challenge for the District is to continue to provide the resources necessary to meet student needs and be able to stay within the five-year forecast. The five-year forecast is utilized to effectively and efficiently manage the District's resources to the fullest.

The District's largest portion of expenditures (approximately 70%) goes towards salary and fringe benefits. The Board will continue to negotiate within the five-year forecast. The Board continues to study the escalating cost for health insurance.

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

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

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

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Ms. Nancy Ackerman, Buckeye Central Local School District, 306 S. Kibler Street, New Washington, Ohio 44854.

**BASIC  
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS  
JUNE 30, 2007

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 10,943,644
Cash in segregated account. . . . .	750
Receivables:	
Taxes . . . . .	3,989,285
Accounts . . . . .	622
Accrued interest . . . . .	3,678
Intergovernmental . . . . .	16,155,930
Prepayments . . . . .	12,653
Materials and supplies inventory . . . . .	11,016
Unamortized bond issuance costs . . . . .	141,474
Capital assets:	
Land . . . . .	456,136
Construction in progress. . . . .	130,789
Depreciable capital assets, net . . . . .	1,822,337
Capital assets, net. . . . .	<u>2,409,262</u>
 Total assets. . . . .	 <u>33,668,314</u>
<b>Liabilities:</b>	
Accounts payable. . . . .	58,017
Accrued wages and benefits . . . . .	623,602
Pension obligation payable. . . . .	162,170
Due to other governments . . . . .	46,158
Unearned revenue . . . . .	2,933,046
Matured interest payable . . . . .	750
Accrued interest payable. . . . .	28,799
Long-term liabilities:	
Due within one year. . . . .	54,641
Due in more than one year . . . . .	8,921,000
Total liabilities . . . . .	<u>12,828,183</u>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	2,258,927
Restricted for:	
Capital projects . . . . .	16,991,953
State funded programs . . . . .	45,628
Federally funded programs . . . . .	16,963
Student activities . . . . .	11,473
Other purposes . . . . .	10,000
Unrestricted. . . . .	<u>1,505,187</u>
Total net assets . . . . .	<u>\$ 20,840,131</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 4,572,115	\$ 170,239	\$ 25,146	\$ -	\$ (4,376,730)
Special . . . . .	609,894	6,912	441,864	-	(161,118)
Vocational . . . . .	116,507	-	55,480	-	(61,027)
Other . . . . .	69,296	-	-	-	(69,296)
Support services:					
Pupil . . . . .	236,383	-	108,005	-	(128,378)
Instructional staff . . . . .	333,467	-	105,570	-	(227,897)
Board of education . . . . .	21,746	-	-	-	(21,746)
Administration . . . . .	872,590	-	-	-	(872,590)
Fiscal . . . . .	222,606	122	-	-	(222,484)
Business . . . . .	7,764	-	-	-	(7,764)
Operations and maintenance . . . . .	553,790	-	-	-	(553,790)
Pupil transportation . . . . .	479,774	13,358	30,828	15,346	(420,242)
Central . . . . .	4,990	-	5,000	-	10
Operation of non-instructional services:					
Food service operations . . . . .	339,196	174,543	112,640	-	(52,013)
Other non-instructional services . . . . .	13,323	-	3,873	-	(9,450)
Extracurricular activities . . . . .	391,927	118,572	-	200,000	(73,355)
Intergovernmental pass-through . . . . .	47,627	-	80,760	-	33,133
Interest and fiscal charges . . . . .	30,299	-	-	-	(30,299)
<b>Total governmental activities . . . . .</b>	<b>\$ 8,923,294</b>	<b>\$ 483,746</b>	<b>\$ 969,166</b>	<b>\$ 215,346</b>	<b>(7,255,036)</b>

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	1,866,696
School district income tax . . . . .	1,382,324
Grants and entitlements not restricted to specific programs . . . . .	4,167,774
Grants and entitlements restricted for Ohio School Facilities Commission . . . . .	16,924,893
Investment earnings . . . . .	166,736
Miscellaneous . . . . .	30,552
<b>Total general revenues . . . . .</b>	<b>24,538,975</b>
 Change in net assets . . . . .	 17,283,939
<b>Net assets at beginning of year . . . . .</b>	<b>3,556,192</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 20,840,131</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007

	<u>General</u>	<u>Building</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . . . .	\$ 1,633,989	\$ 4,076,292	\$ 5,068,561	\$ 164,802	\$ 10,943,644
Cash in segregated account. . . . .	-	-	-	750	750
Receivables:					
Taxes. . . . .	3,814,285	-	-	175,000	3,989,285
Accounts . . . . .	471	-	-	151	622
Accrued interest . . . . .	3,678	-	-	-	3,678
Intergovernmental . . . . .	-	-	16,140,131	15,799	16,155,930
Interfund receivable. . . . .	7,620	-	-	-	7,620
Prepayments. . . . .	12,653	-	-	-	12,653
Materials and supplies inventory . . . . .	4,803	-	-	6,213	11,016
Total assets . . . . .	<u>\$ 5,477,499</u>	<u>\$ 4,076,292</u>	<u>\$ 21,208,692</u>	<u>\$ 362,715</u>	<u>\$ 31,125,198</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 38,122	\$ -	\$ -	\$ 3,226	\$ 41,348
Contracts payable . . . . .	-	-	16,669	-	16,669
Accrued wages and benefits . . . . .	595,043	-	-	28,559	623,602
Compensated absences payable . . . . .	17,814	-	-	-	17,814
Pension obligation payable. . . . .	149,675	-	-	12,495	162,170
Due to other governments . . . . .	40,935	-	-	5,223	46,158
Interfund payable. . . . .	-	-	-	7,620	7,620
Matured interest payable . . . . .	-	-	-	750	750
Deferred revenue. . . . .	60,681	-	16,140,131	-	16,200,812
Unearned revenue. . . . .	2,748,046	-	-	185,000	2,933,046
Total liabilities . . . . .	<u>3,650,316</u>	<u>-</u>	<u>16,156,800</u>	<u>242,873</u>	<u>20,049,989</u>
<b>Fund Balances:</b>					
Reserved for encumbrances . . . . .	127,026	-	46,860	67,705	241,591
Reserved for materials and supplies inventory. . . . .	4,803	-	-	6,213	11,016
Reserved for prepayments . . . . .	12,653	-	-	-	12,653
Reserved for debt service . . . . .	-	-	-	6,562	6,562
Reserved for property tax unavailable for appropriation . . . . .	505,067	-	-	-	505,067
Unreserved, undesignated, reported in:					
General fund . . . . .	1,177,634	-	-	-	1,177,634
Special revenue funds. . . . .	-	-	-	15,586	15,586
Capital projects funds. . . . .	-	4,076,292	5,005,032	23,776	9,105,100
Total fund balances . . . . .	<u>1,827,183</u>	<u>4,076,292</u>	<u>5,051,892</u>	<u>119,842</u>	<u>11,075,209</u>
Total liabilities and fund balances . . . . .	<u>\$ 5,477,499</u>	<u>\$ 4,076,292</u>	<u>\$ 21,208,692</u>	<u>\$ 362,715</u>	<u>\$ 31,125,198</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2007

<b>Total governmental fund balances</b>		\$ 11,075,209
<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.		2,409,262
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 60,681	
Intergovernmental revenue	16,140,131	
Total		16,200,812
Unamortized bond issuance costs are not recognized in the funds		141,474
Unamortized premiums on bond issuance is not recognized in the funds.		(148,017)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(28,799)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(365,334)	
Capital lease obligation	(2,939)	
General obligation bonds payable	(8,441,537)	
Total		(8,809,810)
<b>Net assets of governmental activities</b>		<b>\$ 20,840,131</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>General</u>	<u>Building</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
From local sources:					
Taxes . . . . .	\$ 3,237,008	\$ -	\$ -	\$ -	\$ 3,237,008
Tuition. . . . .	152,891	-	-	-	152,891
Charges for services. . . . .	-	-	-	174,543	174,543
Earnings on investments. . . . .	123,452	18,502	24,782	661	167,397
Extracurricular. . . . .	-	-	-	118,694	118,694
Classroom materials and fees . . . . .	18,331	-	-	1,759	20,090
Other local revenues. . . . .	38,080	-	-	10,000	48,080
Intergovernmental - State . . . . .	4,582,157	-	784,762	170,489	5,537,408
Intergovernmental - Federal . . . . .	-	-	-	398,979	398,979
Total revenues . . . . .	<u>8,151,919</u>	<u>18,502</u>	<u>809,544</u>	<u>875,125</u>	<u>9,855,090</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	4,405,687	-	-	81,212	4,486,899
Special. . . . .	483,975	-	-	124,234	608,209
Vocational. . . . .	116,507	-	-	-	116,507
Other. . . . .	69,296	-	-	-	69,296
Support services:					
Pupil. . . . .	129,124	-	-	104,605	233,729
Instructional staff . . . . .	266,165	-	-	50,931	317,096
Board of education . . . . .	21,746	-	-	-	21,746
Administration. . . . .	870,285	-	-	-	870,285
Fiscal . . . . .	217,426	-	-	869	218,295
Business . . . . .	7,764	-	-	-	7,764
Operations and maintenance. . . . .	537,159	-	-	-	537,159
Pupil transportation . . . . .	510,841	-	-	-	510,841
Central. . . . .	-	-	-	4,990	4,990
Operation of non-instructional services:					
Food service operations . . . . .	-	-	-	346,379	346,379
Other non-instructional services. . . . .	20,171	-	-	3,658	23,829
Extracurricular activities. . . . .	235,002	-	-	124,324	359,326
Facilities acquisition and construction . . . . .	8,599	23,935	116,918	6,800	156,252
Intergovernmental pass through . . . . .	-	-	-	47,627	47,627
Debt service:					
Principal retirement . . . . .	16,835	-	-	-	16,835
Interest and fiscal charges . . . . .	973	-	-	-	973
Bond issuance costs . . . . .	-	-	-	141,889	141,889
Total expenditures . . . . .	<u>7,917,555</u>	<u>23,935</u>	<u>116,918</u>	<u>1,037,518</u>	<u>9,095,926</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>234,364</u>	<u>(5,433)</u>	<u>692,626</u>	<u>(162,393)</u>	<u>759,164</u>
<b>Other financing sources (uses):</b>					
Transfers in . . . . .	-	-	-	82,500	82,500
Transfers (out). . . . .	(82,500)	-	-	-	(82,500)
Sale of bonds. . . . .	-	4,081,725	4,359,266	-	8,440,991
Premium on sale of bonds . . . . .	-	-	-	148,451	148,451
Total other financing sources (uses) . . . . .	<u>(82,500)</u>	<u>4,081,725</u>	<u>4,359,266</u>	<u>230,951</u>	<u>8,589,442</u>
Net change in fund balances . . . . .	151,864	4,076,292	5,051,892	68,558	9,348,606
<b>Fund balances at beginning of year . . . . .</b>	<u>1,675,319</u>	<u>-</u>	<u>-</u>	<u>51,284</u>	<u>1,726,603</u>
<b>Fund balances at end of year. . . . .</b>	<u>\$ 1,827,183</u>	<u>\$ 4,076,292</u>	<u>\$ 5,051,892</u>	<u>\$ 119,842</u>	<u>\$ 11,075,209</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

<b>Net change in fund balances - total governmental funds</b>	\$	9,348,606
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.		
Capital asset additions	\$ 401,884	
Current year depreciation	<u>(149,953)</u>	
Total		251,931
Principal payments on capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		16,835
Premiums on debt issuances are recognized as revenues in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		
		(148,451)
Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		
		141,889
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	12,012	
Intergovernmental	<u>16,140,131</u>	
Total		16,152,143
Proceeds of bonds are recorded as revenue in the funds, however on the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets.		
		(8,440,991)
In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is due to the accrued interest on bonds and additional accumulated accreted interest on the capital appreciation bonds.		
Increase in accrued interest payable	(28,799)	
Accreted interest on "capital appreciation" bonds	(546)	
Amortization of bond issue costs	(415)	
Amortization of bond premiums	<u>434</u>	
Total		(29,326)
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.		
		<u>(8,697)</u>
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b><u>17,283,939</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 2,512,817	\$ 3,096,850	\$ 3,097,520	\$ 670
Tuition. . . . .	125,525	154,700	155,641	941
Earnings on investments. . . . .	90,878	112,000	119,774	7,774
Classroom materials and fees . . . . .	14,605	18,000	18,371	371
Other local revenues . . . . .	27,588	34,000	37,694	3,694
Intergovernmental - State . . . . .	<u>3,682,587</u>	<u>4,538,500</u>	<u>4,582,157</u>	<u>43,657</u>
Total revenues . . . . .	<u>6,454,000</u>	<u>7,954,050</u>	<u>8,011,157</u>	<u>57,107</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	3,559,940	4,495,200	4,471,097	24,103
Special. . . . .	382,627	483,150	479,785	3,365
Vocational. . . . .	87,747	110,800	110,114	686
Other. . . . .	55,832	70,500	69,443	1,057
Support services:				
Pupil. . . . .	102,636	129,600	129,302	298
Instructional staff . . . . .	212,399	268,200	265,797	2,403
Board of education . . . . .	20,590	26,000	20,988	5,012
Administration. . . . .	735,239	928,400	922,800	5,600
Fiscal . . . . .	173,039	218,500	215,244	3,256
Business . . . . .	28,510	36,000	28,804	7,196
Operations and maintenance. . . . .	478,333	604,000	570,375	33,625
Pupil transportation . . . . .	408,880	516,300	508,552	7,748
Operation of non-instructional services . . . . .	16,156	20,400	19,879	521
Extracurricular activities. . . . .	201,153	254,000	242,017	11,983
Facilities acquisition and construction. . . . .	7,919	10,000	8,599	1,401
Total expenditures . . . . .	<u>6,471,000</u>	<u>8,171,050</u>	<u>8,062,796</u>	<u>108,254</u>
Deficiency of revenues under expenditures . . . . .	<u>(17,000)</u>	<u>(217,000)</u>	<u>(51,639)</u>	<u>165,361</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure. . . . .	9,000	9,000	9,834	834
Transfers out. . . . .	<u>(82,500)</u>	<u>(82,500)</u>	<u>(82,500)</u>	<u>-</u>
Total other financing sources (uses) . . . . .	<u>(73,500)</u>	<u>(73,500)</u>	<u>(72,666)</u>	<u>834</u>
Net change in fund balance . . . . .	(90,500)	(290,500)	(124,305)	166,195
<b>Fund balance at beginning of year. . . . .</b>	1,463,822	1,463,822	1,463,822	-
<b>Prior year encumbrances appropriated . . . . .</b>	128,417	128,417	128,417	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,501,739</u>	<u>\$ 1,301,739</u>	<u>\$ 1,467,934</u>	<u>\$ 166,195</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2007

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 76,734	\$ 42,667
Investments. . . . .	100,000	-
Receivables:		
Accounts . . . . .	-	179
Total assets . . . . .	<u>176,734</u>	<u>\$ 42,846</u>
<b>Liabilities:</b>		
Due to students . . . . .	-	\$ 42,846
Total liabilities . . . . .	-	<u>\$ 42,846</u>
<b>Net Assets:</b>		
Held in trust for scholarships . . . . .	<u>176,734</u>	
Total net assets . . . . .	<u>\$ 176,734</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 9,959
Total additions. . . . .	9,959
<b>Deductions:</b>	
Scholarships awarded . . . . .	7,000
Change in net assets . . . . .	2,959
Net assets at beginning of year. . . . .	173,775
Net assets at end of year . . . . .	\$ 176,734

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

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

The District ranks as the 557<sup>th</sup> largest by total enrollment among the 876 public school districts and community schools in the State and 5<sup>th</sup> largest in Crawford County. The District employed 62 certificated employees and 41 non-certificated employees who provide services to 732 students.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based upon the application of this criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

*PUBLIC ENTITY RISK POOLS*

Wyandot Crawford Health Benefit Plan

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

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Northern Ohio Educational Computer Association (NOECA)

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

Building Fund - The building capital projects fund is used to account for all transactions related to the acquiring, constructing, or improving buildings for the District.

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

Other governmental funds of the District are used to account for (a) the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by trust funds; and (c) for grants and other resources whose use is restricted to a particular purpose.

*FIDUCIARY FUNDS*

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

**C. Basis of Presentation and Measurement Focus**

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

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

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

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

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

**D. Basis of Accounting**

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

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

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

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

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

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2007 are recorded as deferred revenue.

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

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except agency funds). The specific timetable for fiscal year 2007 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Crawford County Budget Commission for tax rate determination. The Crawford County Budget Commission waived this requirement for fiscal year 2007.
3. Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final Certificates of Estimated Resources issued for fiscal year 2007.



**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the first digit object level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. Any revisions that alter the total of any first digit object appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2007.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the first digit object level.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the basic financial statements.

During fiscal year 2007, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and non-negotiable certificates of deposit. Investments are stated at cost except for investments in STAR Ohio which are reported at fair value. Fair value is based on quoted market prices.

The District has invested funds in STAR Ohio during fiscal year 2007. 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, 2007.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Interest revenue credited to the general fund during fiscal year 2007 amounted to \$123,452 which includes \$92,812 assigned from other funds.

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

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

**G. Inventory**

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

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

**H. Capital Assets**

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

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

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

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

**I. Interfund Balances**

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

**J. Compensated Absences**

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2007, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2007, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

**K. Accrued Liabilities and Long-Term Obligations**

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

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

**L. Fund Balance Reserves**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, prepayments, debt service and property tax revenue unavailable for appropriation. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriation under State statute.

**M. Net Assets**

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

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

**N. Unamortized Issuance Costs and Bond Premium**

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

Bond premiums are deferred and accreted over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds.

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

**O. Prepayments**

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

**P. Estimates**

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

**Q. Interfund Activity**

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

**R. Parochial School**

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

**S. 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 2007.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Deficit Fund Balances**

Fund balances at June 30, 2007 included the following individual fund deficits:

<u>Nonmajor Funds</u>	<u>Deficit</u>
Food Service	\$ 20,608
EMIS	50
SchoolNet Professional Development	8
Ohio Reads	287
Drug-Free Schools	7

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

**A. Cash on Hand**

At year-end, the District had \$80 in undeposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents."

**B. Cash in Segregated Account**

At fiscal year end \$750 was on deposit in the District's debt service clearance account and included in the total amount of deposits reported below; however this amount is not part of the internal cash pool reported on the balance sheet and statement of net assets as "Cash in Segregated Account."

**C. Deposits with Financial Institutions**

At June 30, 2007, the carrying amount of all District deposits was \$179,016. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2007 \$76,734 of the District's bank balance of \$262,585 was exposed to custodial risk as discussed below, while \$185,851 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**D. Investments**

As of June 30, 2007, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
STAR Ohio	\$ 10,984,699	\$ 10,984,699

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

*Credit Risk:* Standard & Poor's has assigned STAR Ohio a AAAM money market rating.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2007:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 10,984,699	100.00

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2007:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 179,016
Investments	10,984,699
Cash on hand	80
Total	<u>\$ 11,163,795</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 10,944,394
Private-purpose trust fund	176,734
Agency fund	42,667
Total	<u>\$ 11,163,795</u>



**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 5 - INTERFUND TRANSACTIONS**

- A.** Interfund transfers for the year ended June 30, 2007, consisted of the following, as reported on the fund financial statements:

Transfers to Nonmajor Governmental funds from:	
General Fund	\$ 82,500

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 authorizations.

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

All transfers made in fiscal year 2007 were in accordance with Ohio Revise Code Sections 5705.14, 5705.15 and 5705.16.

- B.** Interfund balances at June 30, 2007 as reported on the fund statements, consist of the following individual interfund loan receivable and payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 7,620

This interfund balance will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the statement of net assets.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, 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.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 6 - PROPERTY TAXES - (Continued)**

Public utility property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 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 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. For 2006, tangible personal property was assessed at 18.75% for property including inventory. This percentage was reduced to 12.5% for 2007, 6.25% 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 District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Richland, Crawford, Seneca and Huron Counties. The respective County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date 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, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

The amount available as an advance at June 30, 2007 was \$505,067 in the general fund. This amount has been recorded as revenue. The amount that was available as an advance at June 30, 2006 was \$441,275 in the general 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 CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 6 - PROPERTY TAXES - (Continued)**

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second Half Collections		2007 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 74,148,850	90.18	\$ 85,967,744	92.49
Public utility personal	3,706,109	4.50	4,494,160	4.84
Tangible personal property	<u>4,370,350</u>	<u>5.32</u>	<u>2,482,078</u>	<u>2.67</u>
Total	<u>\$ 82,225,309</u>	<u>100.00</u>	<u>\$ 92,943,982</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation:				
Current	\$45.00		\$45.00	
Debt	0.00		0.00	

**NOTE 7 - SCHOOL DISTRICT INCOME TAX**

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

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

The 1.5% SDIT was passed in November 1989, and collections began January 1, 1990. SDIT revenue received by the general fund during fiscal year 2007 was \$1,382,324.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2007 consist of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the items of receivables reported on the statement of net assets follows:

<b>Governmental Activities:</b>	
Taxes	\$ 3,989,285
Accounts	622
Accrued interest	3,678
Intergovernmental	<u>16,155,930</u>
Total	<u>\$ 20,149,515</u>

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 8 - RECEIVABLES - (Continued)**

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year except for the OSFC grant which will be collected over the term of the construction project.

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance 06/30/06	Additions	Deductions	Balance 06/30/07
<b>Governmental Activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 456,136	\$ -	\$ -	\$ 456,136
Construction in progress	-	130,789	-	130,789
Total capital assets, not being depreciated	<u>456,136</u>	<u>130,789</u>	<u>-</u>	<u>586,925</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	513,380	201,595	-	714,975
Buildings and improvements	5,278,857	-	-	5,278,857
Furniture and equipment	214,634	-	-	214,634
Vehicles	709,428	69,500	-	778,928
Total capital assets, being depreciated	<u>6,716,299</u>	<u>271,095</u>	<u>-</u>	<u>6,987,394</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(359,830)	(17,020)	-	(376,850)
Buildings and improvements	(3,888,400)	(86,750)	-	(3,975,150)
Furniture and equipment	(164,028)	(12,352)	-	(176,380)
Vehicles	(602,846)	(33,831)	-	(636,677)
Total accumulated depreciation	<u>(5,015,104)</u>	<u>(149,953)</u>	<u>-</u>	<u>(5,165,057)</u>
Governmental activities capital assets, net	<u>\$ 2,157,331</u>	<u>\$ 251,931</u>	<u>\$ -</u>	<u>\$ 2,409,262</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 81,238
<u>Support Services:</u>	
Pupil	2,654
Instructional staff	1,974
Administration	583
Operations and maintenance	117
Pupil transportation	34,677
Extracurricular activities	27,746
Food service operations	<u>964</u>
Total depreciation expense	<u>\$ 149,953</u>

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE**

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

Capital assets consisting of equipment have been capitalized in the amount of \$73,403. This amount represents the present value of the future minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2007 totaled \$16,835 paid by the general fund. Accumulated depreciation on the copiers is \$66,063 resulting in a net book value of \$7,340 at June 30, 2007.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2007:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2008	\$ 2,968
Total minimum lease payments	2,968
Less: Amount representing interest	<u>(29)</u>
Total	<u>\$ 2,939</u>

**NOTE 11 - LONG-TERM OBLIGATIONS**

A. During fiscal year 2007, the following activity occurred in governmental activities long-term obligations:

	Balance Outstanding June 30, 2006	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding June 30, 2007	Amounts Due in One Year
General obligation bonds	\$ -	\$ 8,441,537	\$ -	\$ 8,441,537	\$ -
Capital lease obligation	19,774	-	(16,835)	2,939	2,939
Compensated absences	<u>356,637</u>	<u>61,418</u>	<u>(34,907)</u>	<u>383,148</u>	<u>51,702</u>
Total governmental activities	<u>\$ 376,411</u>	<u>\$ 8,502,955</u>	<u>\$ (51,742)</u>	8,827,624	<u>\$ 54,641</u>
Add: Unamortized premium on bonds				<u>148,017</u>	
Total on statement of net assets				<u>\$ 8,975,641</u>	

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

Capital Lease Obligation: The capital lease obligation will be paid from the general fund. See Note 10 for details.

- B. General Obligation Bonds - Series 2007:** On May 30, 2007, the District issued general obligation bonds to finance building construction and improvements in accordance with the terms of a Facilities grant from the Ohio Schools Facilities Commission (OSFC). The total project (hereafter “Construction Project”) encompasses the construction of one new facility to house K-12 and to demolish Buckeye East Elementary, Buckeye North Elementary, Buckeye West Elementary and Buckeye Central High School. This issue is comprised of both current interest bonds, par value \$8,260,000, and capital appreciation bonds, par value \$180,991. The interest rates on the current interest bonds range from 4.00% to 4.25%. The capital appreciation bonds mature on December 1, 2014 (effective interest 12.59%) and December 1, 2015 (effective interest 12.59%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$480,000. Total accreted interest of \$546 has been included in the statement of net assets at June 30, 2007.

These bonds represent the amount of the Construction Project that the District itself was required to finance, in accordance with the terms of the facilities grant from OSFC. OSFC will make quarterly disbursements to the District as the project is completed. As of June 30, 2007, the total cost of the Construction Project is \$21,284,160, of which OSFC will pay \$16,924,893.

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

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

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

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

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2007</u>
Current interest bonds -				
2007 Series	\$ -	\$ 8,260,000	\$ -	\$ 8,260,000
Capital appreciation bonds -				
2007 Series	-	180,991	-	180,991
Accreted Interest	-	546	-	546
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ -</u>	<u>\$ 8,441,537</u>	<u>\$ -</u>	<u>\$ 8,441,537</u>

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

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

Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ -	\$ 338,159	\$ 338,159	\$ -	\$ -	\$ -
2009	15,000	336,923	351,923	-	-	-
2010	185,000	332,923	517,923	-	-	-
2011	205,000	325,123	530,123	-	-	-
2012	215,000	316,723	531,723	-	-	-
2013 - 2017	700,000	1,483,914	2,183,914	180,991	299,009	480,000
2018 - 2022	1,350,000	1,291,115	2,641,115	-	-	-
2023 - 2027	1,645,000	992,815	2,637,815	-	-	-
2028 - 2032	2,005,000	626,085	2,631,085	-	-	-
2033 - 2036	1,940,000	169,037	2,109,037	-	-	-
Total	<u>\$ 8,260,000</u>	<u>\$ 6,212,817</u>	<u>\$ 14,472,817</u>	<u>\$ 180,991</u>	<u>\$ 299,009</u>	<u>\$ 480,000</u>

**C. Legal Debt Margin**

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

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

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

The District maintains property insurance with KMU for real property and building contents. Real property and contents are insured for \$26,552,741. General liability is protected by KMU, with a \$2,000,000 annual aggregate/\$1,000,000 single occurrence limit and \$6,000,000 excess liability coverage. The bus fleet is also covered by KMU.

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

**B. Employee Health Insurance**

The District has joined together with Carey Exempted Village Schools, Colonel Crawford Local Schools, Galion City Schools, and Upper Sandusky Exempted Village Schools to form the Wyandot-Crawford Health Benefit Plan (WCHBP), a public entity shared risk pool, operating as a common risk management and insurance program for the member Districts. The plan was organized to provide benefit coverage for employees, dependents and designated beneficiaries of such employees. The Huntington National Bank serves as trustee for the Wyandot-Crawford Health Benefit Plan. The District pays an annual premium to the pool for its general insurance coverage. The risk of loss transfers entirely from the District to WCHBP. The Agreement for formation of the WCHBP provides that the WCHBP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$100,000 for each insured event.

**C. Workers' Compensation**

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

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants. The worker's compensation experience of the participating school districts is calculated as one and a common premium rate is applied to participants. Each 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 selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.



**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

The 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 or by calling (800) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contribution for pension obligations to SERS for fiscal years ended June 30, 2007, 2006, and 2005 were \$97,150, \$101,409, and \$86,697, 44.81 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$53,617 represents the unpaid contribution for fiscal year 2007.

**B. State Teachers Retirement System of Ohio**

The 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 website at [www.strsoh.org](http://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 times 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.

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

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member 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, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For the fiscal years 2006 and 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation 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 District's required contributions for fund pension obligations to the DB Plan for the fiscal years ended June 30, 2007, 2006, and 2005 were \$406,770, \$394,376, and \$390,100; 83.13 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$68,629 represents the unpaid contribution for fiscal year 2007. Contributions to the DC and Combined Plans for fiscal year 2007 were \$138 made by the District and \$1,945 made by the plan members.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

The 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 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 funded 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 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, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$31,290 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.5 billion. For the fiscal year ended June 30, 2006 (the latest information available), net health care costs paid by STRS Ohio were \$282.743 million and STRS Ohio had 119,184 eligible benefit recipients.

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

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, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .10 percent from fiscal year 2006. 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 2007, the minimum pay was established at \$35,800. Total surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, District paid \$47,554 to fund health care benefits, including the surcharge.

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 project claims less premium contributions for the next year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158.751 million. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million. At June 30, 2006 (the latest information available), SERS had 59,492 participants currently receiving health care benefits.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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

The Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

**Net Change in Fund Balance**

	<u>General Fund</u>
Budget basis	\$ (124,305)
Net adjustment for revenue accruals	140,762
Net adjustment for expenditure accruals	(20,814)
Net adjustment for other financing sources/uses	(9,834)
Adjustment for encumbrances	<u>166,055</u>
GAAP basis	<u>\$ 151,864</u>

**NOTE 16 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

A lawsuit has been filed by the Columbia Gas Transmission Corporation arguing that the Corporation's public utility property tax assessment rate should be 25% of true value rather than the 88% used by the Tax Commissioner. The Board of Tax Appeals has agreed with the Corporation and the case has been appealed by the Tax Commissioner of the Ohio Supreme Court. The District receives a significant amount of property tax from the Corporation. Should the Corporation prevail in the Supreme Court, it may be entitled to a refund from the District based on the lower assessment rate beginning from tax year 2001. The amount of the refund is estimated to be approximately \$8,571 per year. A portion of the refund may be recovered from additional State entitlement payments.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 17 - STATUTORY RESERVES**

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2007, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2006	\$ (177,884)	\$ -
Current year set-aside requirement	113,656	113,656
Qualifying disbursements	(98,651)	(116,880)
Current year offset - debt related	<u>-</u>	<u>(8,440,991)</u>
Total	<u>\$ (162,879)</u>	<u>\$ (8,444,215)</u>
Balance carried forward to FY 2008	<u>\$ (162,879)</u>	<u>\$ (8,440,991)</u>

The amount of qualifying disbursements from prior years exceeding the set-aside requirement in the textbooks reserve may be carried forward to reduce the set-aside requirement for future years. The amount of qualifying disbursements exceeding the set-aside requirement in the capital acquisition reserve may not be carried forward to reduce the set-aside requirement for future years. Bonds issued during fiscal year 2007 are offsets that may be carried forward to future years.

**NOTE 18 - COMMITMENT**

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

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

The remaining balance of the debt at June 30, 2007 is \$743,521 and matures in 2023. The District receives tax revenue related to the new boundaries. The activity related to this transaction is recorded as other instructional expenditures in the General fund. The debt is not recorded on the District's financial statements, since it is debt of Tiffin City School District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 19 - CONTRACTUAL COMMITMENTS**

As a result of the Ohio School Facilities Project that was in progress at June 30, 2007, the District had the following outstanding contractual commitments at fiscal year-end:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Amount Outstanding</u>
Buehrer Group	\$ 1,089,940	\$ (114,120)	\$ 975,820
Total Contractual Commitments	<u>\$ 1,089,940</u>	<u>\$ (114,120)</u>	<u>\$ 975,820</u>



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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Central Local School District, Crawford County, Ohio, as of and for the fiscal year ended June 30, 2007, which collectively comprise Buckeye Central Local School District's basic financial statements and have issued our report thereon dated December 20, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Buckeye Central Local School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Buckeye Central Local School District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of Buckeye Central Local School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Buckeye Central Local School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Buckeye Central Local School District's financial statements that is more than inconsequential will not be prevented or detected by Buckeye Central Local School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Buckeye Central Local School District's internal control.

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

Board of Education  
Buckeye Central Local School District

Compliance and Other Matters

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

This report is intended solely for the information and use of the management and Board of Education of Buckeye Central Local School District and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.  
December 20, 2007





**Mary Taylor, CPA**  
Auditor of State

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

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**FEBRUARY 5, 2008**