



Mary Taylor, CPA
Auditor of State

**BUCKEYE LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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Mary Taylor, CPA

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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Local School District, Ashtabula County, Ohio, (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Local School District, Ashtabula County, Ohio, as of June 30, 2009, and the respective changes in financial position and where applicable, the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Mary Taylor, CPA
Auditor of State

December 10, 2009

Buckeye Local School District
Ashtabula County

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

The discussion and analysis of Buckeye Local School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2009 are as follows:

Overall:

- For governmental activities, net assets increased \$810,828, which represents a 9.9 percent increase from fiscal year 2008.
- General revenues accounted for \$18,465,180 in revenue or 88.0 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,525,377 or 12.0 percent of total governmental revenues of \$20,990,557.
- The District had \$20,179,729 in expenses related to governmental activities; only \$2,525,377 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$18,465,180 were adequate to provide for these programs.
- The general fund had \$18,477,008 in revenues and \$17,487,986 in expenditures on a modified accrual basis. The general fund's fund balance increased \$989,022 to \$5,240,453, from \$4,251,431 in fiscal year 2008, an increase of approximately 23.3 percent.

Using these Basic Financial Statements

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Buckeye School District, the general fund by far is the most significant fund.

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2009?" The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include *all assets* and *liabilities* using the *accrual basis*

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of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the District has only one kind of activity:

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 14. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these financial statements focus on the District's most significant funds. The District's major governmental fund is the general fund.

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

Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The School District's fiduciary funds are private purpose trust and agency.

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Ashtabula County

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The District as a Whole

Table 1 shows net assets for fiscal year 2009 as compared to fiscal year 2008.

Table 1

	2009 Governmental Activities	2008 Governmental Activities	Increase (Decrease)
Assets:			
Current and Other Assets	\$13,105,758	\$13,433,304	(\$327,546)
Capital Asset, Net of Accumulated Depreciation	3,859,780	4,044,950	(185,170)
<i>Total Assets</i>	<u>16,965,538</u>	<u>17,478,254</u>	<u>(512,716)</u>
Liabilities:			
Current Liabilities	6,686,065	8,005,725	(1,319,660)
Long-term Liabilities:			
Due within One Year	89,301	89,940	(639)
Due in More than One Year	1,148,677	1,151,922	(3,245)
<i>Total Liabilities</i>	<u>7,924,043</u>	<u>9,247,587</u>	<u>(1,323,544)</u>
Net Assets:			
Invested in Capital Assets, Net of Debt	3,699,780	3,834,950	(135,170)
Restricted	836,584	709,277	127,307
Unrestricted	4,505,131	3,686,440	818,691
<i>Total Net Assets</i>	<u>\$9,041,495</u>	<u>\$8,230,667</u>	<u>\$810,828</u>

Total assets decreased by \$512,716. This decrease can be attributed to a decrease in property taxes receivable due to the phase-out of personal property tax, as well as a decrease in capital assets due to current year depreciation exceeding capital asset additions by \$185,170.

Total liabilities decreased by \$1,323,544. This decrease was due mostly to decreases in deferred revenue as well as a reduction in claims payable of \$248,701. During fiscal year 2009, the District paid \$248,701 to Millennium Inorganic Chemicals for a personal property tax settlement which reduced the claim liability to \$462,377 at the end of the fiscal year. Principal owed on the energy conservation notes also decreased as a result of payments made on the debt.

By comparing assets and liabilities, one can see the overall position of the School District has improved as evidenced by the increase in net assets of \$810,828.

The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$18,465,180 or 88.0 percent of the total revenue. The most significant portion of the general revenue is intergovernmental receipts and local property tax. The remaining amount of revenue received was in the form of program revenues, which equaled \$2,525,377 or 12.0 percent of total revenue.

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Table 2
Change in Net Assets
Governmental Activities

	2009	2008	Increase (Decrease)
Revenues			
Program Revenues			
Charges for Services and Sales	\$1,773,103	\$1,917,220	(\$144,117)
Operating Grants and Contributions	752,274	1,029,805	(277,531)
Capital Grants and Contributions	0	16,482	(16,482)
<i>Total Program Revenues</i>	<u>2,525,377</u>	<u>2,963,507</u>	<u>(438,130)</u>
General Revenues			
Property Taxes	7,986,936	8,813,574	(826,638)
Intergovernmental	10,331,526	9,226,016	1,105,510
Investment Earnings	90,651	227,773	(137,122)
Miscellaneous	56,067	78,407	(22,340)
<i>Total General Revenues</i>	<u>18,465,180</u>	<u>18,345,770</u>	<u>119,410</u>
<i>Total Revenues</i>	<u>20,990,557</u>	<u>21,309,277</u>	<u>(318,720)</u>
Program Expenses			
Current:			
Instruction:			
Regular	10,091,057	10,421,503	(330,446)
Special	2,100,709	1,995,456	105,253
Vocational	269,931	270,609	(678)
Adult/Continuing	4,900	4,900	0
Support Services:			
Pupil	560,482	539,072	21,410
Instructional Staff	262,441	278,398	(15,957)
Board of Education	26,255	57,238	(30,983)
Administration	1,356,068	1,362,775	(6,707)
Fiscal	535,365	533,960	1,405
Business	84,981	75,920	9,061
Operation and Maintenance of Plant	2,115,818	1,901,464	214,354
Pupil Transportation	1,280,216	1,396,202	(115,986)
Central	36,357	40,361	(4,004)
Operation of Non-Instructional Services	9,749	7,965	1,784
Operation of Food Services	968,033	971,780	(3,747)
Extracurricular Activities	469,003	544,573	(75,570)
Interest and Fiscal Charges	8,364	10,579	(2,215)
<i>Total Program Expenses</i>	<u>20,179,729</u>	<u>20,412,755</u>	<u>(233,026)</u>
<i>Increase in Net Assets</i>	810,828	896,522	(85,694)
Net Assets Beginning of Year	<u>8,230,667</u>	<u>7,334,145</u>	896,522
<i>Net Assets End of Year</i>	<u>\$9,041,495</u>	<u>\$8,230,667</u>	<u>\$810,828</u>

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

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to voters to maintain a constant level of service. Property taxes made up 38.1 percent of governmental activities revenue for Buckeye Local School District in fiscal year 2009, a decrease of approximately 3.3 percent from fiscal year 2008. The decrease in tax revenue is the result of the phase-out of personal property taxes; however, the School District is being reimbursed for this loss in the form of distributions from the State during the "hold harmless" period.

Governmental Activities

Total net assets of the School District increased \$810,828 during fiscal year 2009. The governmental expenses of \$20,179,729 were offset by program revenues of \$2,525,377 and general revenues of \$18,465,180. Program revenues supported 12.5 percent of the total governmental activities expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 87.3 percent of total governmental revenue.

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

Table 3
Total and Net Cost of Program Services

	2009		2008	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction	\$12,466,597	\$11,511,363	\$12,692,468	\$10,938,638
Support Services:				
Pupil	560,482	523,600	539,072	539,072
Instructional Staff	262,441	203,629	278,398	242,071
Board of Education	26,255	24,542	57,238	52,020
Administration	1,356,068	1,266,585	1,362,775	1,362,775
Fiscal	535,365	500,789	533,960	533,960
Business	84,981	79,505	75,920	75,920
Operation and Maintenance of Plant	2,115,818	1,996,170	1,901,464	1,901,464
Pupil Transportation	1,280,216	1,216,895	1,396,202	1,390,612
Central	36,357	28,132	40,361	32,439
Operation of Non-Instructional Services	9,749	5,553	7,965	7,965
Food Service Operation	968,033	(11,474)	971,780	(34,322)
Extracurricular Activities	469,003	300,699	544,573	396,055
Interest and Fiscal Charges	8,364	8,364	10,579	10,579
<i>Total Expenditures</i>	<u>\$20,179,729</u>	<u>\$17,654,352</u>	<u>\$20,412,755</u>	<u>\$17,449,248</u>

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Ashtabula County

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The dependence upon general tax revenues for governmental activities is apparent. Over 64 percent of instruction activities are supported through property taxes alone. For all governmental activities, general revenue and prior year cash balance support all expenses as shown in the above table. The community, as a whole, is by far the primary support for Buckeye Local School District students.

The District's Funds

Information regarding the School District's major funds begins on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$20,978,489 to offset expenditures of \$19,998,635. The net change in fund balance for the year was most significant in the general fund, which increased \$989,022. As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, intergovernmental revenue and property taxes are the largest revenue sources, accounting for more than 90 percent of total governmental revenue. Clearly, the community is the greatest source of financial support for the students of the Buckeye Local School District.

General Fund Budgeting Highlights

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

During the course of fiscal year 2009 the District amended its General Fund budget numerous times. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, actual revenue, including other financing sources, was \$18,617,951, which was \$1,440 more than the final budgeted revenue of \$18,616,511 and \$56,952 less than the original budget estimate of \$18,674,903. The District continues to use a conservative approach of estimating revenue and these variances are well within reason for an entire year of budgeting.

Total actual expenditures, excluding other financing uses, were \$17,810,368, which was the same as the final budgeted expenditures and \$1,407,266 less than original budgeted expenditures of \$19,217,634. The variance from the original estimate is the result of a conservative approach to budgeting.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the School District had \$3,859,780 invested in land, buildings and improvements, furniture, fixtures and equipment, vehicles and textbooks.

Buckeye Local School District
Ashtabula County

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
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Table 4 shows fiscal year 2009 balances compared to fiscal year 2008:

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

	2009	2008
Land	\$402,305	\$402,305
Buildings and Improvements	2,346,824	2,330,482
Furniture, Fixtures and Equipment	255,254	479,493
Vehicles	675,455	575,335
Textbooks	179,942	257,335
<i>Total</i>	<u>\$3,859,780</u>	<u>\$4,044,950</u>

All capital assets, except land, are reported net of depreciation. As one can see, the School District had an overall decrease in capital assets of \$185,170. The decrease is due to current year depreciation of \$456,155 exceeding current year additions of \$270,985. For more information about the School District's capital assets, see Note 8 to the basic financial statements.

Set-Aside Requirements

In fiscal year 1999, a change in Ohio law required school districts to set aside two percent of certain revenues for capital improvements and an additional two-percent for textbooks; this amount was increased to three percent beginning in fiscal year 2000. For fiscal year 2009, the set-aside requirement was \$364,006 for each set aside. During fiscal year 2009, the District spent more than the required set-aside amount for capital improvements. For more information about the School District's set-aside requirements, see Note 19 to the basic financial statements.

Debt

At June 30, 2009, the School District had one energy conservation bond outstanding in the amount of \$160,000, as compared to \$210,000 at June 30, 2008. Of this total, \$50,000 is due within one year and \$110,000 is due in more than one year.

Current Financial Related Activities

Buckeye Local School District has maintained financial stability. As the preceding information shows, the District greatly depends on its property taxpayers. With the passage of a 6.5 mill continuous operating levy in 2005, the District has been able to continue its education programs. However, financially the future is not without its challenges.

While the District was successful in increasing its tax revenue in 2009, state law fixes the amount of this increase, forcing it to remain nearly constant. Thus management must diligently plan expenses, staying carefully within the District's five-year forecast.

In fiscal year 2009, the District achieved, for the third fiscal year, total expenditures less than total revenues resulting in an excess of revenue over expenditures in the amount of \$979,854. However, with its major sources of revenue not keeping pace with expenditure increases, the District must seek additional tax revenues to continue current operations. The District cannot look to the State of Ohio for increased revenue.

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

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

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

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

Contacting the District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sherry Wentworth, Treasurer, at Buckeye Local School District, 3436 Edgewood Drive, Ashtabula, Ohio 44004.

Buckeye Local School District

Ashtabula County, Ohio

Statement of Net Assets

June 30, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$5,105,198
Accrued Interest Receivable	7,169
Accounts Receivable	4,946
Intergovernmental Receivable	47,628
Property Taxes Receivable	7,795,903
Inventory Held for Resale	15,300
Materials and Supplies Inventory	83,261
Prepaid Items	46,353
Nondepreciable Capital Assets	402,305
Depreciable Capital Assets, Net	3,457,475
<i>Total Assets</i>	<u>16,965,538</u>
Liabilities	
Accounts Payable	24,590
Accrued Wages and Benefits Payable	1,438,813
Intergovernmental Payable	451,149
Matured Compensated Absences Payable	73,962
Deferred Revenue	4,234,557
Accrued Interest Payable	617
Claims Payable	462,377
Long-Term Liabilities:	
Due Within One Year	89,301
Due In More Than One Year	1,148,677
<i>Total Liabilities</i>	<u>7,924,043</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	3,699,780
Restricted for:	
Capital Projects	595,817
Uniform School Supplies	55,846
Public School Support	26,020
Other Purposes	50,470
Set-asides	108,431
Unrestricted	4,505,131
<i>Total Net Assets</i>	<u>\$9,041,495</u>

See accompanying notes to the basic financial statements

Buckeye Local School District
Ashtabula County, Ohio

Statement of Activities
For the Fiscal Year Ended June 30, 2009

	Program Revenues			Net (Expense)	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets	
			Capital Grants and Contributions	Governmental Activities	
Governmental Activities					
Current:					
Instruction:					
Regular	\$10,091,057	\$684,723	\$102,296	\$0	(\$9,304,038)
Special	2,100,709	115,288	31,454	0	(1,953,967)
Vocational	269,931	17,595	0	0	(252,336)
Adult/Continuing	4,900	0	3,878	0	(1,022)
Support Services:					
Pupils	560,482	36,882	0	0	(523,600)
Instructional Staff	262,441	11,236	47,576	0	(203,629)
Board of Education	26,255	1,713	0	0	(24,542)
Administration	1,356,068	89,483	0	0	(1,266,585)
Fiscal	535,365	34,576	0	0	(500,789)
Business	84,981	5,476	0	0	(79,505)
Operation and Maintenance of Plant	2,115,818	119,648	0	0	(1,996,170)
Pupil Transportation	1,280,216	63,321	0	0	(1,216,895)
Central	36,357	1,836	6,389	0	(28,132)
Operation of Non-Instructional Services	9,749	394	3,802	0	(5,553)
Operation of Food Services	968,033	427,084	552,423	0	11,474
Extracurricular Activities	469,003	163,848	4,456	0	(300,699)
Interest and Fiscal Charges	8,364	0	0	0	(8,364)
<i>Total Governmental Activities</i>	<u>\$20,179,729</u>	<u>\$1,773,103</u>	<u>\$752,274</u>	<u>\$0</u>	<u>(17,654,352)</u>
General Revenues					
Property Taxes Levied for:					
					7,422,652
					58,556
					505,728
					10,331,526
					90,651
					56,067
					<u>18,465,180</u>
					810,828
					8,230,667
					<u>\$9,041,495</u>

See accompanying notes to the basic financial statements

Buckeye Local School District
Ashtabula County, Ohio

Balance Sheet
Governmental Funds
June 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$4,408,252	\$588,515	\$4,996,767
Accrued Interest Receivable	3,854	3,315	7,169
Accounts Receivable	1,351	3,595	4,946
Interfund Receivable	22,144	0	22,144
Intergovernmental Receivable	0	47,628	47,628
Property Taxes Receivable	7,274,674	521,229	7,795,903
Inventory Held for Resale	0	15,300	15,300
Materials and Supplies Inventory	79,338	3,923	83,261
Prepaid Items	46,353	0	46,353
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	108,431	0	108,431
Total Assets	\$11,944,397	\$1,183,505	\$13,127,902
Liabilities			
Accounts Payable	\$22,136	\$2,454	\$24,590
Accrued Wages and Benefits Payable	1,386,612	52,201	1,438,813
Intergovernmental Payable	431,572	19,577	451,149
Matured Compensated Absences Payable	46,965	26,997	73,962
Interfund Payable	0	22,144	22,144
Deferred Revenue	4,354,282	321,696	4,675,978
Claims Payable	462,377	0	462,377
Total Liabilities	6,703,944	445,069	7,149,013
Fund Balances			
Reserved for Encumbrances	52,829	32,260	85,089
Reserved for Textbooks	108,431	0	108,431
Reserved for Property Taxes	2,920,392	203,298	3,123,690
Unreserved:			
Undesignated, Reported in:			
General Fund	2,158,801	0	2,158,801
Special Revenue Funds	0	152,185	152,185
Capital Projects Funds	0	350,693	350,693
Total Fund Balances	5,240,453	738,436	5,978,889
Total Liabilities and Fund Balances	\$11,944,397	\$1,183,505	\$13,127,902

See accompanying notes to the basic financial statements

Buckeye Local School District
Ashtabula County, Ohio

*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2009*

Total Governmental Fund Balances	\$5,978,889
 <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.	3,859,780
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property Taxes	437,656
Grants	<u>3,765</u>
Total	441,421
In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.	(617)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Energy Conservation Bonds	(160,000)
Compensated Absences	<u>(1,077,978)</u>
Total	<u>(1,237,978)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$9,041,495</u></u>

See accompanying notes to the basic financial statements

Buckeye Local School District

Ashtabula County, Ohio

*Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009*

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$7,416,846	\$561,787	\$7,978,633
Tuition and Fees	1,153,205	46,421	1,199,626
Interest	79,951	10,700	90,651
Charges for Services	0	427,084	427,084
Extracurricular Activities	0	143,510	143,510
Rentals	2,883	0	2,883
Contributions and Donations	227	18,306	18,533
Intergovernmental	9,784,542	1,276,960	11,061,502
Miscellaneous	39,354	16,713	56,067
<i>Total Revenues</i>	<u>18,477,008</u>	<u>2,501,481</u>	<u>20,978,489</u>
Expenditures			
Current:			
Instruction:			
Regular	9,608,876	231,493	9,840,369
Special	1,742,342	383,219	2,125,561
Vocational	266,142	0	266,142
Adult/Continuing	0	4,900	4,900
Support Services:			
Pupils	554,863	0	554,863
Instructional Staff	169,225	84,583	253,808
Board of Education	25,912	343	26,255
Administration	1,339,536	0	1,339,536
Fiscal	525,258	12,375	537,633
Business	82,543	2,150	84,693
Operation and Maintenance of Plant	1,807,114	232,442	2,039,556
Pupil Transportation	955,716	185,160	1,140,876
Central	27,761	5,190	32,951
Operation of Non-Instructional Services	5,947	3,802	9,749
Operation of Food Services	0	947,401	947,401
Extracurricular Activities	307,627	157,174	464,801
Capital Outlay	69,124	201,861	270,985
Debt Service:			
Principal Retirement	0	50,000	50,000
Interest and Fiscal Charges	0	8,556	8,556
<i>Total Expenditures</i>	<u>17,487,986</u>	<u>2,510,649</u>	<u>19,998,635</u>
<i>Net Change in Fund Balances</i>	989,022	(9,168)	979,854
<i>Fund Balances Beginning of Year</i>	4,251,431	747,604	4,999,035
<i>Fund Balances End of Year</i>	<u>\$5,240,453</u>	<u>\$738,436</u>	<u>\$5,978,889</u>

See accompanying notes to the basic financial statements

Buckeye Local School District

Ashtabula 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, 2009*

Net Change in Fund Balances - Total Governmental Funds		\$979,854
<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 depreciation exceeded capital outlay in the current period.		
Capital Outlay	270,985	
Current Year Depreciation	<u>(456,155)</u>	
Total		(185,170)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	8,303	
Grants	<u>3,765</u>	
Total		12,068
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		50,000
Some expenses reported in the statement of activities, such as accrued interest on bonds, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		192
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>(46,116)</u>
<i>Change in Net Assets of Governmental Activities</i>		<u><u>\$810,828</u></u>

See accompanying notes to the basic financial statements

Buckeye Local School District
Ashtabula County, Ohio

*Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$7,577,981	\$7,554,232	\$7,554,232	\$0
Tuition and Fees	1,156,596	1,152,971	1,152,971	0
Interest	77,906	77,659	79,099	1,440
Rentals	3,278	3,268	3,268	0
Contributions and Donations	227	227	227	0
Intergovernmental	9,815,303	9,784,542	9,784,542	0
Miscellaneous	40,426	40,426	40,426	0
<i>Total Revenues</i>	<u>18,671,717</u>	<u>18,613,325</u>	<u>18,614,765</u>	<u>1,440</u>
Expenditures				
Current:				
Instruction:				
Regular	10,564,063	9,786,061	9,786,061	0
Special	1,906,414	1,768,248	1,768,248	0
Vocational	301,159	279,441	279,441	0
Support Services:				
Pupils	596,714	553,202	553,202	0
Instructional Staff	185,208	171,743	171,743	0
Board of Education	29,372	27,223	27,223	0
Administration	1,492,482	1,384,620	1,384,620	0
Fiscal	571,684	529,899	529,899	0
Business	87,612	81,207	81,207	0
Operation and Maintenance of Plant	1,996,710	1,851,044	1,851,044	0
Pupil Transportation	1,037,099	961,280	961,280	0
Central	30,709	28,538	28,538	0
Operation of Non-Instructional Services	701	650	650	0
Extracurricular Activities	340,685	315,821	315,821	0
Capital Outlay	77,022	71,391	71,391	0
<i>Total Expenditures</i>	<u>19,217,634</u>	<u>17,810,368</u>	<u>17,810,368</u>	<u>0</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	<u>(545,917)</u>	<u>802,957</u>	<u>804,397</u>	<u>1,440</u>
Other Financing Sources (Uses)				
Other Financing Uses	(711,078)	(248,701)	(248,701)	0
Advances In	3,186	3,186	3,186	0
Advances Out	(22,144)	(22,144)	(22,144)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(730,036)</u>	<u>(267,659)</u>	<u>(267,659)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(1,275,953)</u>	<u>535,298</u>	<u>536,738</u>	<u>1,440</u>
<i>Fund Balance Beginning of Year</i>	<u>3,821,527</u>	<u>3,821,527</u>	<u>3,821,527</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>98,181</u>	<u>98,181</u>	<u>98,181</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,643,755</u>	<u>\$4,455,006</u>	<u>\$4,456,446</u>	<u>\$1,440</u>

See accompanying notes to the basic financial statements

Buckeye Local School District

Ashtabula County, Ohio

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2009

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$32,244	<u>\$45,699</u>
Liabilities		
Due to Students	<u>0</u>	<u>\$45,699</u>
Net Assets		
Held in Trust for Scholarships	<u>\$32,244</u>	

See accompanying notes to the basic financial statements

Buckeye Local School District
Ashtabula County, Ohio

Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2009

	<u>Scholarship</u>
Additions	
Interest	\$421
Deductions	
Scholarships Awarded	<u>1,250</u>
<i>Change in Net Assets</i>	(829)
<i>Net Assets Beginning of Year</i>	<u>33,073</u>
<i>Net Assets End of Year</i>	<u><u>\$32,244</u></u>

See accompanying notes to the basic financial statements

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 1 – Description of the School District and Reporting Entity

The District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local district as defined by Section 3311 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of October 1, 2009 was 2,154. The District employed 132 certified employees and 72 non-certificated employees. The District is supervised by the Ashtabula County Educational Service Center, a separate entity.

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

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

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

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

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

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

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

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

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 2 – Summary of Significant Accounting Policies

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

A. Fund Accounting

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

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

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

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

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

B. Basis of Presentation

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

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

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

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

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

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements for the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

D. Budget and Budgetary Accounting

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

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

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

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

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

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

E. Cash and Investments

Cash received by the District is pooled in a central bank account with individual fund balance integrity maintained throughout. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments." During the fiscal year, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio).

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

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2009.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. For the District, all investment earnings accrue to the General Fund, the Food Service special revenue fund, the Special Trust special revenue fund, the Capital Projects Reserve capital projects fund and the Private-Purpose Trust Fund, as authorized by board resolution. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$79,951, none of which was assigned from other District funds.

F. Inventories

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Capital Assets

The School District's only capital assets are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	30 - 50 years
Furniture	20 years
Equipment	10 - 20years
Fixtures	15 years
Vehicles	10 years
Textbooks	5 - 10 years

I. Interfund Balances

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

J. 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 from them are not presented on the financial statements.

K. Compensated Absences

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

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

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

leave for classified employees with five years of service and certified employees with ten years of service.

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

L. Accrued Liabilities and Long-term Obligations

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

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

M. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriations or expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, textbooks and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports restricted net assets of \$836,584, none of which is restricted by enabling legislation. Net assets restricted for other purposes include operation of instructional services, food service operations and extracurricular activities.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The net assets held in trust for scholarships signify the legal restrictions on the use of principal.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

O. 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 2009.

P. Estimates

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

Note 3 – Change in Accounting Principles

For fiscal year 2009, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions”, Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations”, Statement No. 51, “Accounting and Financial Reporting for Intangible Assets”, Statement No. 52, “Land and Other Real Estate Held as Investments by Endowments”, Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments” and Statement No. 56 “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards”.

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees’ years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the SERS and STRS post-employment healthcare plans in the amount \$22,209 and \$13,777, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 49 establishes accounting and financial reporting requirements for pollution remediation obligations by requiring more timely and complete reporting of the obligations and by requiring all governments to account for pollution remediation obligations in the same manner. The implementation of GASB Statement No. 49 did not result in any changes to the District’s financial statements.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets, which include easements, water rights, timber rights, patents, trademarks, and computer software, to reduce inconsistencies thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The implementation of GASB Statement No. 51 did not result in any changes to the District’s financial statements.

GASB Statement No. 52 establishes consistent standards for the accounting and financial reporting of land and other real estate held as investments by endowments. It requires endowments to report land and other real estate investments at fair value, to report the changes in fair value as investment income, and to disclose the methods and significant assumptions used to determine fair value. The implementation of GASB Statement No. 52 did not result in any changes to the District’s financial statements.

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GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles for state and local governments into the Governmental Accounting Standards Board's authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of GASB Statement No. 55 did not result in any changes to the District's financial statements.

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles, related party transactions, going concern considerations, and subsequent events. The implementation of GASB Statement No. 56 did not result in any changes to the District's financial statements.

Note 4 – Fund Deficits

Fund balances at June 30, 2009 included the following individual fund deficit:

<u>Nonmajor Governmental Fund:</u>	<u>Deficit</u>
Title I	\$38,163

This fund complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. This deficit fund balance is the result of adjustments for accrued liabilities.

Note 5 – Budgetary Basis of Accounting

While the School District is reporting its financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for (GAAP basis).
4. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions.

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

	Net Change in Fund Balance
GAAP Basis	\$989,022
Net Adjustment for Revenue Accruals	137,757
Advances In	3,186
Advances Out	(22,144)
Net Adjustment for Expenditure Accruals	(510,846)
Adjustment for Encumbrances	(60,237)
Budget Basis	<u>\$536,738</u>

Note 6 – Deposits and Investments

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local government;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

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6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio);
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At June 30th, the carrying amount of all School District deposits was \$3,520,446, while \$2,119,875 of the School District's bank balance of \$3,578,843 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Investments

As of June 30, 2009, the School District had the following investments. All investments are in an internal investment pool.

	Fair Value	Maturity
Non-catergorized Investments:		
Government & Government Agency		
STAR Ohio	\$1,662,695	Six Months or Less
Total Investments	\$1,662,695	

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

Credit Risk STAR Ohio carries a rating of AAAM by Standard & Pool's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

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

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30, 2009:

Investments	Percentage of Investments
STAR Ohio	100.00%

Reconciliation of Cash and Investment 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, 2009:

<u>Cash and Investments per Note Disclosure</u>	
Carrying amount of deposits	\$3,520,446
Investments	1,662,695
Total	\$5,183,141
 <u>Cash and Investments per Statement of Net Assets</u>	
Governmental activities	\$5,105,198
Private-purpose trust funds	32,244
Agency funds	45,699
Total	\$5,183,141

Note 7 – Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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Public utility property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2009 (other than public utility property) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Ashtabula County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2009 was \$2,920,392 in the general fund and \$203,298 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2008, was \$2,930,743 in the general fund and \$204,122 in the permanent improvement capital projects fund.

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

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

	2008 Second Half Collections		2009 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$244,128,700	78.7%	\$261,787,650	90.7%
Public Utility Personal	24,264,200	7.8%	25,611,540	8.8%
General Business Personal	41,878,090	13.5%	1,326,207	0.5%
	\$310,270,990	100.0%	\$288,725,397	100.0%
Tax Rate per \$1,000 of assessed valuation	\$45.31		\$45.31	

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Notes to the Basic Financial Statements
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Note 8 – Capital Assets

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

	Balance 7/1/2008	Additions	Deletions	Balance 6/30/2009
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$402,305	\$0	\$0	\$402,305
Capital Assets, being depreciated:				
Buildings and Improvements	6,827,285	108,824	0	6,936,109
Furniture, Equipment and Fixtures	2,855,460	21,201	(58,595)	2,818,066
Vehicles	1,612,141	116,675	0	1,728,816
Textbooks	417,725	24,285	0	442,010
Total Capital Assets, being depreciated	11,712,611	270,985	(58,595)	11,925,001
Less Accumulated Depreciation:				
Building and Improvements	(4,496,803)	(92,482)	0	(4,589,285)
Furniture, Equipment and Fixtures	(2,375,967)	(245,440)	58,595	(2,562,812)
Vehicles	(1,036,806)	(16,555)	0	(1,053,361)
Textbooks	(160,390)	(101,678)	0	(262,068)
Total Accumulated Depreciation	(8,069,966)	(456,155)	58,595	(8,467,526)
Total Capital Assets being depreciated, net	3,642,645	(185,170)	0	3,457,475
Governmental Activities Capital Assets, Net	\$4,044,950	(\$185,170)	\$0	\$3,859,780

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$204,836
Vocational	3,789
Support Services:	
Pupil	2,622
Instructional Staff	7,904
Administration	2,583
Operation and Maintenance of Plant	73,623
Pupil Transportation	137,285
Central	3,406
Operation of Food Services	15,905
Extracurricular Activities	4,202
Total Depreciation Expense	\$456,155

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 9 – Receivables

Receivables at June 30, 2009 consisted of accrued interest, accounts, taxes and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of Federal funds.

A summary of the principal items of intergovernmental receivables follows:

Non-major Governmental Funds:	
Food Service	\$7,170
Title I Grant	18,645
Title V Grant	3,475
Drug Free Schools Grant	8,321
Title II-A Grant	7,195
Title II-D Grant	2,822
Total Intergovernmental Receivable	\$47,628

Note 10 – Interfund Receivable/Payable

The interfund receivable/payable consisted of the following at June 30, 2009, as reported on the fund financial statements:

	Interfund Receivable	Interfund Payable
Major Governmental Fund:		
General	\$22,144	\$0
Non-major Governmental Funds:		
Title I	0	332
Title V	0	3,474
Drug Free Schools Grant	0	8,321
Class Size Reduction	0	7,195
Miscellaneous Federal Grants	0	2,822
	\$22,144	\$22,144

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

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Notes to the Basic Financial Statements
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Note 11 – Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (11 and 12 month) are eligible for vacation time. The number of days granted are determined upon length of service. For fiscal year 2009, the superintendent was granted twenty days of vacation. Effective January 10, 2006 the treasurer was granted fifteen days of vacation prorated annually at a use or lose basis.

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

The classified personnel accumulate vacation based on the following schedule:

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

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

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

Note 12 – Pension Plans

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per 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 can be obtained by contacting the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. 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 Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2009, the allocation to pension

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and death benefits is 9.09 percent. The remaining 4.91 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$203,691, \$205,790, and \$236,467, respectively; 32.3 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 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 is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency wholly controlled, managed and supported in whole, or in part, by the State or any political subdivision thereof.

Plan Options - New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. 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.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit”, the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. 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.

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Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying one percent of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or other Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by three percent of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A Defined Benefit 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 members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2009, were 10 percent of covered payroll for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007, were \$1,037,797, \$1,050,026, and \$1,015,085, respectively; 84.3 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were not available at the time this report was issued.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2008 *Comprehensive Annual Financial Report* were available after December 26, 2008.

Additional information or copies of STRS Ohio's 2008 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling toll free 1-888-227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

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Notes to the Basic Financial Statements
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Note 13 – Postemployment Benefits

A. School Employees Retirement System

In addition to a cost-sharing multiple-employer defined benefit pension plan for School Employees Retirement System of Ohio (SERS) administers two post-employment benefit plans.

Medicare Part B Plan – The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40, SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2009, the actuarially required allocation is .75 percent. The District's contribution for the year ended June 30, 2009 was \$16,806, which equaled the required contribution.

Health Care Plan – ORC Sections 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

The Health Care Fund was established under, and is administers in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the fiscal year ended June 30, 2009, the health care allocation is 4.16 percent. An additional health care surcharge on employers is allocated for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2009, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2009, 2008 and 2007 were \$144,163, \$130,945 and \$93,642, respectively; 30.4 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

B. State Teachers Retirement System of Ohio

Plan Description – The District contributes to a cost-sharing multiple-employer defined benefit Health Care Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the Defined Benefit or Combined Pension Plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in STRS Ohio's financial report which may be obtained by calling (888) 227-7877 or by visiting the STRS Ohio website at www.strsoh.org.

Funding Policy – Ohio law authorizes STRS Ohio to offer Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contribution for health care for the fiscal year ended June 30, 2009, 2008 and 2007 were \$79,831, \$80,771 and \$78,083 respectively; 84.3 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Note 14 – Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The School District has addressed these various types of risk by purchasing a comprehensive insurance policy through various commercial carriers.

Professional liability insurance is maintained in the amount of \$1,000,000 for single occurrence and \$3,000,000 in the aggregate.

The School District maintains fleet insurance in the amount of \$2,000,000 for any one accident or loss and \$3,000,000 in the aggregate and an additional \$1,000,000 in uninsured motorists' coverage. The School District maintains replacement cost insurance on buildings and contents in the amount of \$51,097,529; musical instruments, \$400,000; and, computers and electronic equipment, \$1,490,000.

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from the prior year.

B. Employee Medical Benefits

The School District has contracted with the Ashtabula County Schools Council of Governments to provide employee medical/surgical, prescription drug, dental and vision benefits. The Ashtabula County Schools Council of Governments is organized under Chapter 167 of the Ohio Revised Code and is comprised of seven Ashtabula County school districts. Rates are set by the Ashtabula County Schools Council of Governments board of directors. The School District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. Ashtabula County Schools Council of Governments is a separate and independent entity governed by its own set of by-laws and constitution. All assets and liabilities are the responsibility of the Council of Governments. The program is operated as a full indemnity program with no financial liability (other than monthly premiums) or risk to the School

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

District. The School District is not liable nor receives a cash balance of past claims upon departure from the pool.

C. Workers' Compensation

The District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), and insurance purchasing pool, which was established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School business Officials Workers' Compensation Group Rating Program (the Program) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool. The Executive Director of the OASBO, or his designee, serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the Program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniService, Inc. provides administrative, cost control and actuarial services to the GRP.

Note 15 – Millennium Inorganic Corporation Tax Refund Escrow Fund

In anticipation of a pollution control equipment tax refund to the Millennium Inorganic Corporation, the District has set aside, within the general fund, the estimated tax refund of \$711,078. The Corporation has paid these taxes since 1993; figures used in the calculation of the refund were provided by Millennium Inorganic Corporation. The District has refunded \$439,807 in previous fiscal years and also paid an additional \$248,701 in fiscal year 2009. An additional partial refund is expected to occur within the next year.

Note 16 – Long-Term Obligations

A summary of changes in long-term obligations for the year ended June 30, 2009, are as follows:

	Principal Outstanding 7/1/2008	Additions	Reductions	Principal Outstanding 6/30/2009	Amounts Due in One Year
Governmental Activities					
2003 Energy Conservation Bonds	\$210,000	\$0	(\$50,000)	\$160,000	\$50,000
Compensated Absences	1,031,862	86,056	(39,940)	1,077,978	39,301
Total Long-Term Liabilities	<u>\$1,241,862</u>	<u>\$86,056</u>	<u>(\$89,940)</u>	<u>\$1,237,978</u>	<u>\$89,301</u>

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

Buckeye Local School District
Ashtabula County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

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

The School District's overall legal debt margin was \$25,825,286 with an unvoted debt margin of \$288,725 at June 30, 2009.

Principal requirements to retire general obligation debt outstanding at June 30, 2009, are as follows:

Fiscal year Ending June 30,	2003 Energy Conservation Bonds	
	Principal	Interest
	2010	\$50,000
2011	55,000	3,816
2012	55,000	1,272
<i>Total</i>	\$160,000	\$11,332

Note 17 – Jointly Governed Organizations and Related Organizations

Northeast Ohio Management Information Network (NEOMIN) NEOMIN is a jointly governed organization among thirty one school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts support NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County districts, and a treasurer from each county. The District was represented on the Governing Board during fiscal year 2009. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained by contacting the Trumbull Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

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

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

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

Ashtabula County Joint Vocational School District The Ashtabula County Joint Vocational School District (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The JVS is operated under the direction of a Board consisting of one representative from each of the participating School Districts' elected boards. The degree of control exercised by the School District is limited to its representation on the Board. The Board is its own budgeting and taxing authority. The School District did not make any contributions in fiscal year 2009. Financial information can be obtained from MaryAnn Wayman, Treasurer at Ashtabula County Joint Vocational School District, 1565 State Route 167, Jefferson, Ohio 44047.

Note 18 – Contingencies

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2009.

B. Litigation

The District is not party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2009.

Note 19 – Set Asides

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

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

	Textbooks	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2008	\$54,908	\$0
Current Year Set-Aside Requirement	364,006	364,006
Qualifying Disbursements	(235,483)	(233,260)
Current year offsets	(75,000)	(487,310)
Total	\$108,431	(\$356,564)
Set-Aside Balance Carried Forward to		
Future Fiscal Years	\$108,431	\$0
Cash balance as of June 30, 2009	\$108,431	\$0

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

Note 20 – Insurance Purchasing Pool

The District participates in a group-rating program for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Program (the Program) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

The Executive Director of the OASBO, or his designee, serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the Program.

Note 21 – New Accounting Standards

In November of 2007, the GASB issued Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments." This Statement establishes accounting and financial reporting standards for all state and local governments that enter into derivative instruments as defined in this Statement. Statement No. 53 will not be effective for the District until fiscal year 2011 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

In February of 2009, the GASB issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The objective of this Statement is to improve the usefulness, including the understandability, of governmental fund balance information. This Statement provides more clearly defined categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. It also clarifies the existing governmental fund type definitions to improve the comparability of governmental fund financial statements and help financial statement users to better understand the purposes for which governments have chosen to use particular funds for financial reporting. Statement No. 54 will not be effective for the District until fiscal year 2011.

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**BUCKEYE LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY
FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through The Ohio Department of Education.</i>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	N/A	10.553	\$ 91,829		\$ 91,829	
National School Lunch Program	N/A	10.555	356,504	\$ 18,827	356,504	\$ 18,827
Total -- Nutrition Cluster			448,333		448,333	
Fresh Fruit and Vegetable Program	N/A	10.582	31,453		31,453	
Total U.S. Department of Agriculture			479,786	18,827	479,786	18,827
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through The Ohio Department of Education.</i>						
Grants to Local Educational Agencies						
Title I School Subsidy	C1-S1-2008	84.010	20,141		24,484	
	C1-S1-2009		298,342		296,422	
	C1-SD-2008		6,652		6,649	
	C1-SD-2009		19,563		19,894	
Total -- Title I School Subsidy			344,698		347,449	
Safe and Drug Free Schools Grant	DR-S1-2009	84.186	4,808		13,128	
Title V, Part A -- Innovative Educational Program Strategies	C2-S1-2008	84.298	2,358		2,450	
	C2-S1-2009		296		-	
Total - Title V Part A			2,654		2,450	
Title II-D -- Technology Literacy Challenge Fund Grants	TJ-S1-2008	84.318	3,453		3,700	
	TJ-S1-2009		411		-	
Total - Title II - D			3,864		3,700	
Title III - Part A		84.365	399		2,101	
Title II, Part A -- Improving Teacher Quality	TR-S1-2008	84.367	(9,403)		525	
	TR-S1-2009		103,547		104,616	
Total - Title II Part A			94,144		105,141	
Total -- U.S. Department of Education			450,567		473,969	
Totals			\$ 930,353	\$ 18,827	\$ 953,755	\$ 18,827

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

**BUCKEYE LOCAL SCHOOLDISTRICT
ASHTABULA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Buckeye Local School District (the District) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The District reports commodities consumed on the Schedule at the entitlement value.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE E - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The District transferred the following amounts from 2008 to 2009 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2008 to 2009</u>
Title I Grants to Local Educational Agencies	84.010	\$ 9,403
Improving Teacher Quality State Grant	84.367	(9,403)



Mary Taylor, CPA

Auditor of State

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

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

To The Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Local School District, Ashtabula County, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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

We noted a certain matter that we reported to the District's management in a separate letter dated December 10, 2009.

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Compliance and Other Matters

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

We intend this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

December 10, 2009



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Buckeye Local School District, Ashtabula County (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Buckeye Local School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

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



Mary Taylor, CPA
Auditor of State

December 10, 2009

**BUCKEYE LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY
JUNE 30, 2009**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Program's Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under ' .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster CFDA's 10.553 and 10.555
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: All Others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

Finding Number	None
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3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	None
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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Buckeye Local School District
Ashtabula County
3446 Edgewood Drive
Ashtabula, Ohio 44004

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on December 18, 2007
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

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

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

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



Mary Taylor, CPA
Auditor of State

December 10, 2009



Mary Taylor, CPA
Auditor of State

BUCKEYE LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 5, 2010