

**BUCKEYE CENTRAL LOCAL  
SCHOOL DISTRICT**

**CRAWFORD COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS  
(AUDITED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2005**

**NANCY ACKERMAN, TREASURER**





**Auditor of State  
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the Buckeye Central Local School District, Crawford County, prepared by Julian & Grube, Inc., for the audit period July 1, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

December 12, 2005

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**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT**  
**CRAWFORD COUNTY, OHIO**  
**BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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# JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Buckeye Central Local School District, Crawford County, Ohio, (the “District”), as of and for the fiscal year ended June 30, 2005, which collectively comprise the District’s basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Buckeye Central Local School District’s management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Buckeye Central Local School District, Crawford County, as of June 30, 2005, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 3 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Technical Bulletin No. 2004-2, “Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers” for the fiscal year ended June 30, 2005.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2005, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

The management's discussion and analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Julian E. Grube, Inc.*

Julian & Grube, Inc.  
September 23, 2005

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED**

The management's discussion and analysis of the Buckeye Central Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2005 are as follows:

- In total, net assets of governmental activities increased \$193,203 which represents a 5.35% increase from 2004.
- General revenues accounted for \$6,387,166 in revenue or 89.45% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for 753,626 or 10.55% of total revenues of \$7,140,792.
- The District had \$6,947,589 in expenses related to governmental activities; \$753,626 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$6,387,166 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$6,388,481 in revenues, \$6,007,139 in expenditures and \$25,000 in transfers out. During fiscal year 2005, the general fund's fund balance increased \$356,342 from \$1,360,551 to \$1,716,893.

**Using these Basic Financial Statements**

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund is by far the most significant fund, and the only governmental fund reported as a major 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 2005?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED

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

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

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

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

***Fund Financial Statements***

The analysis of the District's major governmental fund begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only 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 the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

***Fiduciary Funds***

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

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-44 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED

**The District as a Whole**

The Statement of Net Assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2005 and 2004.

	<b>Net Assets</b>	
	Governmental Activities 2005	Governmental Activities 2004
<b><u>Assets</u></b>		
Current and other assets	\$ 5,284,714	\$ 4,710,565
Capital assets	2,247,386	2,318,708
Total assets	7,532,100	7,029,273
<b><u>Liabilities</u></b>		
Current liabilities	3,401,498	3,083,747
Long-term liabilities	327,098	335,225
Total liabilities	3,728,596	3,418,972
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	2,212,068	2,269,037
Restricted	95,079	122,670
Unrestricted	1,496,357	1,218,594
Total net assets	\$ 3,803,504	\$ 3,610,301

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2005, the District's assets exceeded liabilities by \$3,803,504. Of this total, \$1,496,357 is unrestricted in use.

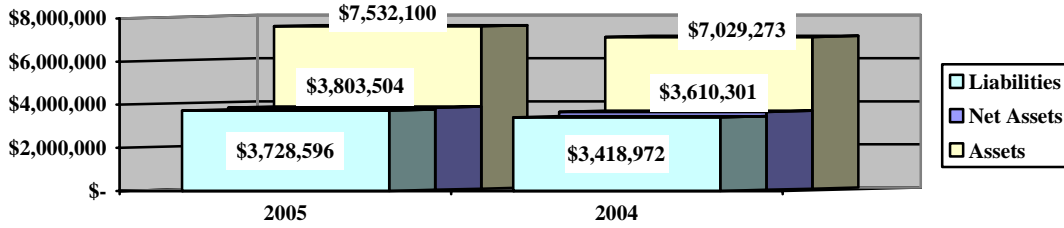
At year-end, capital assets represented 29.84% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2005, were \$2,212,068. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$95,079, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$1,496,357 may be used to meet the District's ongoing obligations to the students and creditors. The table below illustrates the District's assets, liabilities and net assets at June 30, 2005:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
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**Governmental Activities**



The table below shows the change in net assets for fiscal year 2005 and 2004.

	<u>Change in Net Assets</u>	
	<u>Governmental Activities 2005</u>	<u>Governmental Activities 2004</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 269,149	\$ 284,152
Operating grants and contributions	484,477	430,365
Capital grants and contributions	-	14,575
General revenues:		
Property taxes	1,764,720	1,509,683
School district income tax	1,266,436	1,128,170
Grants and entitlements	3,275,533	3,000,564
Investment earnings	41,400	22,546
Miscellaneous	39,077	33,667
<b>Total revenues</b>	<u>7,140,792</u>	<u>6,423,722</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
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	<b>Change in Net Assets</b>	
	Governmental Activities 2005	Governmental Activities 2004
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 2,988,061	\$ 2,810,741
Special	545,586	526,263
Vocational	71,538	67,633
Other	46,470	69,705
Support services:		
Pupil	214,536	130,138
Instructional staff	289,546	199,631
Board of education	22,044	23,928
Administration	805,029	737,282
Fiscal	189,621	194,256
Business	13,332	13,023
Operations and maintenance	497,770	523,500
Pupil transportation	458,436	363,934
Central	7,157	4,998
Food service operations	278,845	252,229
Operations of non-instructional services	140,763	156,057
Extracurricular activities	375,400	255,342
Interest and fiscal charges	3,455	5,071
Total expenses	6,947,589	6,333,731
Change in net assets	193,203	89,991
Net assets at beginning of year	3,610,301	3,520,310
Net assets at end of year	\$ 3,803,504	\$ 3,610,301

**Governmental Activities**

Net assets of the District's governmental activities increased \$193,203. Total governmental expenses of \$6,947,589 were offset by program revenues of \$753,626 and general revenues of \$6,387,166. Program revenues supported 10.85% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from taxes, and grants and entitlements. These revenue sources represent 88.32% of total governmental revenue.

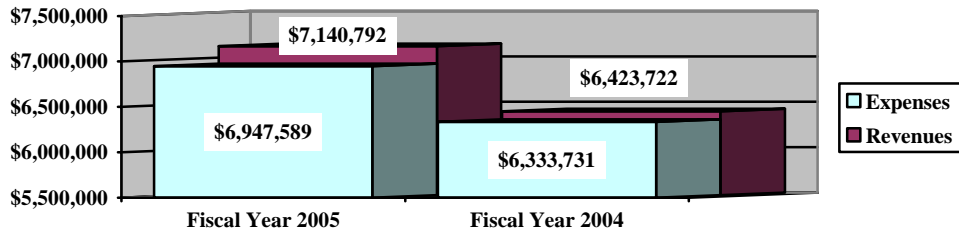
The largest expense of the District is for instructional programs. Instruction expenses totaled \$3,651,655 or 52.56% of total governmental expenses for fiscal 2005.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
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The graph below presents the District's governmental activities revenues and expenses for fiscal year 2005 and 2004.

**Governmental Activities - Revenues and Expenses**



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

**Governmental Activities**

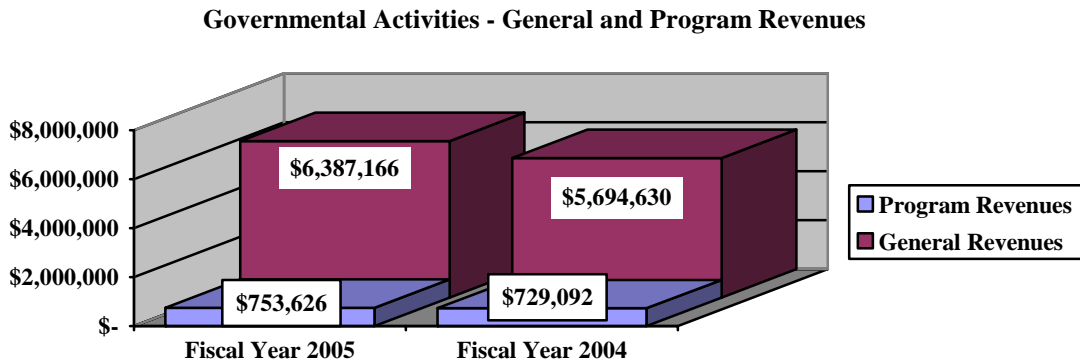
	Total Cost of Services 2005	Net Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2004
<b>Program expenses</b>				
Instruction:				
Regular	\$ 2,988,061	\$ 2,917,016	\$ 2,810,741	\$ 2,744,754
Special	545,586	432,909	526,263	380,051
Vocational	71,538	71,538	67,633	67,633
Other	46,470	46,470	69,705	69,705
Support services:				
Pupil	214,536	134,384	130,138	115,784
Instructional staff	289,546	243,872	199,631	157,368
Board of education	22,044	22,044	23,928	23,928
Administration	805,029	805,029	737,282	737,282
Fiscal	189,621	188,508	194,256	193,290
Business	13,332	13,332	13,023	13,023
Operations and maintenance	497,770	497,770	523,500	523,500
Pupil transportation	458,436	458,436	363,934	363,934
Central	7,157	2,157	4,998	(2)
Operations of non-instructional services	140,763	58,059	156,057	62,987
Food service operations	278,845	14,105	252,229	(3,191)
Extracurricular activities	375,400	284,879	255,342	149,522
Interest and fiscal charges	3,455	3,455	5,071	5,071
<b>Total expenses</b>	<u>\$ 6,947,589</u>	<u>\$ 6,193,963</u>	<u>\$ 6,333,731</u>	<u>\$ 5,604,639</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
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The dependence upon tax and other general revenues for governmental activities is apparent, 94.97% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 89.15%. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2005 and 2004.



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$1,825,641, which is higher than last year's total of \$1,576,544. The June 30, 2004 fund balances have been restated as described in Note 3.A to the basic financial statements. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2005 and 2004.

	Fund Balance <u>June 30, 2005</u>	(Restated) Fund Balance <u>June 30, 2004</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
General	\$ 1,716,893	\$ 1,360,551	\$ 356,342	26.19 %
Other Governmental	<u>108,748</u>	<u>215,993</u>	<u>(107,245)</u>	(49.65) %
Total	<u>\$ 1,825,641</u>	<u>\$ 1,576,544</u>	<u>\$ 249,097</u>	15.80 %

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED

***General Fund***

The District's general fund, fund balance increased by \$356,342. Revenues exceeded expenditures for fiscal year 2005 by \$381,342. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2005	(Restated) 2004	Increase (Decrease)	Percentage Change
	<u>Amount</u>	<u>Amount</u>		
<b><u>Revenues</u></b>				
Taxes	\$ 3,023,855	\$ 2,628,609	\$ 395,246	15.04 %
Earnings on investments	40,477	22,502	17,975	79.88 %
Intergovernmental	3,275,533	3,000,564	274,969	9.12 %
Other revenues	<u>48,616</u>	<u>41,155</u>	<u>7,461</u>	18.13 %
 Total	 <u>\$ 6,388,481</u>	 <u>\$ 5,692,830</u>	 <u>\$ 695,651</u>	 12.22 %
 <b><u>Expenditures</u></b>				
Instruction	\$ 3,364,760	\$ 3,161,439	\$ 203,321	6.43 %
Support services	2,308,140	2,134,161	173,979	8.15 %
Non-instructional services	57,637	48,967	8,670	17.71 %
Extracurricular activities	230,077	153,195	76,882	50.19 %
Facilities acquisition and construction	28,717	35,999	(7,282)	(20.23) %
Debt service	<u>17,808</u>	<u>27,592</u>	<u>(9,784)</u>	(35.46) %
 Total	 <u>\$ 6,007,139</u>	 <u>\$ 5,561,353</u>	 <u>\$ 445,786</u>	 8.02 %

***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 2005, the District amended its general fund budget several times. For the general fund, original budgeted revenues were \$5,930,000 and final budgeted revenues were \$6,377,000. Actual revenues for fiscal year 2005, was \$6,421,208. This represents a \$44,208 increase over final budgeted revenues.

General fund original appropriations and other financing uses totaled \$5,949,000 and final appropriations and other financing uses totaled \$6,396,000. The actual budget basis expenditures and other financing uses for fiscal year 2005 totaled \$6,135,698, which is lower than the final budget appropriations by \$260,302.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2005, the District had \$2,247,386 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2005 balances compared to 2004:

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

	Governmental Activities	
	2005	2004
Land	\$ 456,136	\$ 456,136
Land improvements	98,922	106,152
Building and improvements	1,488,415	1,467,944
Furniture and equipment	61,662	71,248
Vehicles	142,251	183,803
Construction in progress	-	33,425
Total	<u>\$ 2,247,386</u>	<u>\$ 2,318,708</u>

The overall decrease in capital assets of \$71,322 is due to depreciation of \$177,377 and disposals of \$33,425 exceeding capital outlays of \$139,480 in the fiscal year.

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

*Debt Administration*

At June 30, 2005, the District had \$35,318 in capital leases outstanding. Of this total, \$15,544 is due within one year and \$19,774 is due within greater than one year.

At June 30, 2005, the District's overall legal debt margin was \$5,279,529, and an unvoted debt margin of \$58,661.

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

**Current Financial Related Activities**

Overall, the District is financially sound. However, the five-year forecast shows some financial concern in fiscal year 2008. The challenge for the District is to continue to provide the resources necessary to meet student needs and be able to stay within the five-year forecast. The five-year forecast is utilized to effectively and efficiently manage the Districts resources to the fullest.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED**

The District relies heavily on an income tax that was passed in November of 1989. The school has not asked for additional funds since that time. The District also relies on the State for approximately 50% of General Fund revenue. The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational system. 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. At this time, the District is unable to determine what effect, if any, this decision will have on its future funding.

The District's largest portion of expenditures (approximately 83%) goes towards salary and fringe benefits. The Board will continue to negotiate within the five-year forecast. The Board continues to study the escalating cost for health insurance.

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

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

**Contacting the District's Financial Management**

This financial report is designed to provide our citizen's taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Ms. Nancy Ackerman, Buckeye Central Local School District, 306 S. Kibler Street, New Washington, Ohio 44854-0368.

**BASIC  
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS  
JUNE 30, 2005

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 1,703,196
Cash in segregated account. . . . .	750
Receivables:	
Taxes . . . . .	3,518,757
Accounts . . . . .	192
Loans . . . . .	20,250
Due from other governments . . . . .	8,967
Prepayments . . . . .	17,446
Materials and supplies inventory . . . . .	15,156
Capital assets:	
Land . . . . .	456,136
Depreciable capital assets, net . . . . .	1,791,250
Capital assets, net. . . . .	2,247,386
 Total assets. . . . .	 7,532,100
<b>Liabilities:</b>	
Accounts payable. . . . .	43,595
Accrued wages and benefits . . . . .	572,061
Pension obligation payable. . . . .	160,750
Due to other governments . . . . .	13,511
Deferred revenue . . . . .	2,610,831
Matured interest payable . . . . .	750
Long-term liabilities:	
Due within one year. . . . .	46,081
Due within more than one year . . . . .	281,017
Total liabilities . . . . .	3,728,596
<b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	2,212,068
Restricted for:	
Capital projects . . . . .	46,576
Federally funded programs . . . . .	1
Student activities . . . . .	30,633
Public school support . . . . .	7,869
Other purposes . . . . .	10,000
Unrestricted. . . . .	1,496,357
Total net assets . . . . .	\$ 3,803,504

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 2,988,061	\$ 10,413	\$ 60,632	\$ (2,917,016)
Special . . . . .	545,586	-	112,677	(432,909)
Vocational . . . . .	71,538	-	-	(71,538)
Other . . . . .	46,470	-	-	(46,470)
Support services:				
Pupil . . . . .	214,536	-	80,152	(134,384)
Instructional staff . . . . .	289,546	-	45,674	(243,872)
Board of education . . . . .	22,044	-	-	(22,044)
Administration . . . . .	805,029	-	-	(805,029)
Fiscal . . . . .	189,621	-	1,113	(188,508)
Business . . . . .	13,332	-	-	(13,332)
Operations and maintenance . . . . .	497,770	-	-	(497,770)
Pupil transportation . . . . .	458,436	-	-	(458,436)
Central . . . . .	7,157	-	5,000	(2,157)
Operation of non-instructional services:				
Food service operations . . . . .	278,845	168,215	96,525	(14,105)
Other non-instructional services . . . . .	140,763	-	82,704	(58,059)
Extracurricular activities . . . . .	375,400	90,521	-	(284,879)
Interest and fiscal charges . . . . .	3,455	-	-	(3,455)
<b>Total governmental activities . . . . .</b>	<b>\$ 6,947,589</b>	<b>\$ 269,149</b>	<b>\$ 484,477</b>	<b>(6,193,963)</b>

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	1,764,720
School district income tax . . . . .	1,266,436
Grants and entitlements not restricted	
to specific programs . . . . .	3,275,533
Investment earnings . . . . .	41,400
Miscellaneous . . . . .	39,077
<b>Total general revenues . . . . .</b>	<b>6,387,166</b>
Change in net assets . . . . .	193,203
<b>Net assets at beginning of year . . . . .</b>	<b>3,610,301</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 3,803,504</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2005

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 1,536,807	\$ 166,389	\$ 1,703,196
Cash in segregated accounts. . . . .	-	750	750
Receivables:			
Taxes. . . . .	3,518,757	-	3,518,757
Accounts . . . . .	192	-	192
Loans . . . . .	20,250	-	20,250
Due from other governments . . . . .	-	8,967	8,967
Prepayments. . . . .	17,446	-	17,446
Materials and supplies inventory . . . . .	9,256	5,900	15,156
	<u>\$ 5,102,708</u>	<u>\$ 182,006</u>	<u>\$ 5,284,714</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 32,986	\$ 10,609	\$ 43,595
Accrued wages and benefits . . . . .	522,945	49,116	572,061
Pension obligation payable. . . . .	149,151	11,599	160,750
Due to other governments . . . . .	12,327	1,184	13,511
Matured interest payable . . . . .	-	750	750
Deferred revenue. . . . .	2,668,406	-	2,668,406
Total liabilities . . . . .	<u>3,385,815</u>	<u>73,258</u>	<u>3,459,073</u>
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	138,836	19,249	158,085
Reserved for materials and supplies inventory. . . . .	9,256	5,900	15,156
Reserved for prepayments . . . . .	17,446	-	17,446
Reserved for property tax unavailable for appropriation . . . . .	453,169	-	453,169
Unreserved, undesignated, reported in:			
General fund . . . . .	1,098,186	-	1,098,186
Special revenue funds. . . . .	-	37,023	37,023
Capital projects funds. . . . .	-	46,576	46,576
Total fund balances . . . . .	<u>1,716,893</u>	<u>108,748</u>	<u>1,825,641</u>
Total liabilities and fund balances . . . . .	<u>\$ 5,102,708</u>	<u>\$ 182,006</u>	<u>\$ 5,284,714</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2005

<b>Total governmental fund balances</b>		\$ 1,825,641
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		2,247,386
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes		57,575
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	\$ (291,780)	
Capital lease obligation	<u>(35,318)</u>	
Total		<u>(327,098)</u>
<b>Net assets of governmental activities</b>		<u><u>\$ 3,803,504</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 3,023,855	\$ -	\$ 3,023,855
Charges for services. . . . .	-	168,215	168,215
Earnings on investments. . . . .	40,477	923	41,400
Extracurricular. . . . .	-	90,521	90,521
Classroom materials and fees . . . . .	9,638	775	10,413
Other local revenues. . . . .	38,978	99	39,077
Intergovernmental - state . . . . .	3,275,533	127,961	3,403,494
Intergovernmental - federal . . . . .	-	356,516	356,516
Total revenue . . . . .	6,388,481	745,010	7,133,491
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	2,830,048	63,003	2,893,051
Special. . . . .	416,704	126,233	542,937
Vocational. . . . .	71,538	-	71,538
Other. . . . .	46,470	-	46,470
Support services:			
Pupil. . . . .	125,476	83,752	209,228
Instructional staff . . . . .	236,870	48,113	284,983
Board of education . . . . .	22,044	-	22,044
Administration. . . . .	801,851	-	801,851
Fiscal . . . . .	186,617	1,317	187,934
Business . . . . .	13,332	-	13,332
Operations and maintenance. . . . .	500,691	-	500,691
Pupil transportation . . . . .	421,259	-	421,259
Central. . . . .	-	7,052	7,052
Food service operations . . . . .	-	266,706	266,706
Other non-instructional services. . . . .	57,637	82,745	140,382
Extracurricular activities. . . . .	230,077	128,725	358,802
Facilities acquisition and construction . . . . .	28,717	69,609	98,326
Debt service:			
Principal retirement . . . . .	14,353	-	14,353
Interest and fiscal charges . . . . .	3,455	-	3,455
Total expenditures . . . . .	6,007,139	877,255	6,884,394
Excess of revenues over (under) expenditures. . . . .	381,342	(132,245)	249,097
<b>Other financing sources (uses):</b>			
Transfers in . . . . .	-	25,000	25,000
Transfers (out). . . . .	(25,000)	-	(25,000)
Total other financing sources (uses) . . . . .	(25,000)	25,000	-
Net change in fund balances . . . . .	356,342	(107,245)	249,097
<b>Fund balances at beginning of year (restated) . . . . .</b>			
	1,360,551	215,993	1,576,544
<b>Fund balances at end of year. . . . .</b>	<b>\$ 1,716,893</b>	<b>\$ 108,748</b>	<b>\$ 1,825,641</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

<b>Net change in fund balances - total governmental funds</b>	\$	249,097
<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 (\$177,377) exceeds capital outlay (\$106,055) in the current period.		(71,322)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		7,301
Principal payment on capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		14,353
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.		(6,226)
		<hr style="border-top: 1px solid black;"/>
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b><u>193,203</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 2,799,013	\$ 3,010,000	\$ 3,041,441	\$ 31,441
Earnings on investments. . . . .	35,336	38,000	42,996	4,996
Classroom materials and fees . . . . .	8,369	9,000	9,638	638
Other local revenues . . . . .	46,495	50,000	51,599	1,599
Intergovernmental - state . . . . .	3,040,787	3,270,000	3,275,534	5,534
Total revenue . . . . .	<u>5,930,000</u>	<u>6,377,000</u>	<u>6,421,208</u>	<u>44,208</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	2,777,175	2,986,730	2,864,587	122,143
Special. . . . .	447,438	481,200	417,482	63,718
Vocational. . . . .	68,622	73,800	70,944	2,856
Other. . . . .	43,210	46,470	46,470	-
Support services:				
Pupil. . . . .	123,018	132,300	126,465	5,835
Instructional staff . . . . .	239,433	257,500	220,929	36,571
Board of education . . . . .	21,805	23,450	22,848	602
Administration. . . . .	782,319	841,350	831,356	9,994
Fiscal . . . . .	196,661	211,500	209,584	1,916
Business . . . . .	34,404	37,000	36,512	488
Operations and maintenance. . . . .	506,762	545,000	544,146	854
Pupil transportation . . . . .	380,397	409,100	408,271	829
Operation of non-instructional services . . . . .	54,396	58,500	57,637	863
Extracurricular activities. . . . .	208,377	224,100	217,730	6,370
Facilities acquisition and construction. . . . .	39,983	43,000	35,737	7,263
Total expenditures . . . . .	<u>5,924,000</u>	<u>6,371,000</u>	<u>6,110,698</u>	<u>260,302</u>
Excess of revenues over expenditures . . . . .	<u>6,000</u>	<u>6,000</u>	<u>310,510</u>	<u>304,510</u>
<b>Other financing uses:</b>				
Transfers out. . . . .	(25,000)	(25,000)	(25,000)	-
Total other financing uses. . . . .	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balance . . . . .	(19,000)	(19,000)	285,510	304,510
<b>Fund balance at beginning of year. . . . .</b>	968,336	968,336	968,336	-
<b>Prior year encumbrances appropriated . . . . .</b>	130,252	130,252	130,252	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,079,588</u>	<u>\$ 1,079,588</u>	<u>\$ 1,384,098</u>	<u>\$ 304,510</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2005

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ -	\$ 20,436
Investment . . . . .	190,747	-
Receivables:		
Accrued interest . . . . .	161	-
Total assets . . . . .	190,908	\$ 20,436
<b>Liabilities:</b>		
Accounts payable . . . . .	-	\$ 184
Loans payable . . . . .	20,250	-
Due to students . . . . .	-	20,252
Total liabilities . . . . .	20,250	\$ 20,436
<b>Net Assets:</b>		
Held in trust for scholarships . . . . .	170,658	
Total net assets . . . . .	\$ 170,658	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 9,292
Total additions. . . . .	9,292
<b>Deductions:</b>	
Scholarships awarded . . . . .	6,750
Change in net assets . . . . .	2,542
Net assets at beginning of year. . . . .	168,116
Net assets at end of year . . . . .	\$ 170,658

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

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

The District ranks as the 554<sup>th</sup> largest by total enrollment among the 614 public school districts in the state and 6<sup>th</sup> largest in Crawford County. The District employed 62 certificated employees and 41 non-certificated employees who provide services to 745 students.

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

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

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

**A. Reporting Entity**

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

*PUBLIC ENTITY RISK POOLS*

Wyandot Crawford Health Benefit Plan

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

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Northern Ohio Educational Computer Association (NOECA)

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

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

*FIDUCIARY FUNDS*

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

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

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

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

**D. Basis of Accounting**

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

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

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

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

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

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, 2005, but which were levied to finance fiscal year 2006 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 fair value of donated commodities used during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

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. Allocation of cost, such as depreciation and amortization, are not recognized in governmental funds.

**E. Budgets**

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds (except Agency funds). The specific timetable for fiscal year 2005 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Crawford County Budget Commission for tax rate determination. Crawford County Commissioners waived this requirement for fiscal 2005.
3. Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement, reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2005.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.



**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original, appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2005.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

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

During fiscal year 2005, investments were limited to State Treasury Asset Reserve (STAR Ohio) and non-negotiable certificates of deposit. Investments are stated at cost except for investments in STAR Ohio which are reported at fair value. Fair value is based on quoted market prices.

The District has invested funds in STAR Ohio during fiscal year 2005. 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, 2005.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund and the private-purpose trust funds. Interest revenue credited to the general fund during fiscal year 2005 amounted to \$40,477, which includes \$8,482 assigned from other funds.

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

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

**G. Inventory**

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

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

**H. Capital Assets**

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

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

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

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

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column on the Statement of Net Assets. The District had no interfund receivables/payables at June 30, 2005.

**J. Compensated Absences**

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2005, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2005, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

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

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

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

**L. Fund Balance Reserves**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**N. Prepayments**

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

**O. Estimates**

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

**P. Interfund Activity**

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

**Q. Parochial School**

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

**R. 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 2005.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

- A. For fiscal year 2005, the District has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures" and GASB Technical Bulletin 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers".

GASB Statement No. 40 establishes and modified disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modified disclosure requirements for custodial credit risk on deposits.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

The implementation of GASB Statement No. 40 did not have any effect on financial statements of the District, however additional note disclosure can be found in Note 4. The implementation of GASB Technical Bulletin No. 2004-2 had the following effect on the fund balances of the major and non-major funds of the District as they were previously reported as of June 30, 2004:

	<u>General</u>	<u>Nonmajor</u>
Fund Balances, June 30, 2004	\$ 1,408,084	\$ 224,969
GASB Technical Bulletin No. 2004-2	(47,533)	(8,976)
Restated Fund Balance, June 30, 2004	\$ 1,360,551	\$ 215,993

**B. Deficit Fund Balances**

Fund balances at June 30, 2005 included the following individual fund deficits:

	<u>Deficit</u>
<u>Nonmajor Funds</u>	
EMIS	\$ 2,165
School Net Professional Development	2
Ohio Reads	48
Intervention	23
Title VI-B	8,297
Title I	11,197
Drug-Free Schools	2
Improving Teacher Quality	51

These funds 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. The deficit fund balances result from adjustments for accrued liabilities.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

**A. Cash on Hand**

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

**B. Cash in Segregated Accounts**

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

**C. Deposits with Financial Institutions**

At June 30, 2005, the carrying amount of all District deposits was \$204,407. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2005, \$90,747 of the District's bank balance of \$276,539 was exposed to custodial risk as discussed below, while \$185,792 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. None of the District's funds were exposed to custodial credit risk at June 30, 2005.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

**D. Investments**

As of June 30, 2005, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
STAR Ohio	\$ <u>1,710,642</u>	\$ <u>1,710,642</u>
Total	\$ <u>1,710,642</u>	\$ <u>1,710,642</u>

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

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

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2005:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
STAR Ohio	\$ <u>1,710,642</u>	<u>100.00%</u>
Total	\$ <u>1,710,642</u>	<u>100.00%</u>

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2005:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 204,407
Investments	1,710,642
Cash on hand	<u>80</u>
Total	<u>\$ 1,915,129</u>
 <u>Cash and Investments per Statement of Net Assets</u>	
Governmental activities	\$ 1,703,946
Private-purpose trust funds	190,747
Agency funds	<u>20,436</u>
Total	<u>\$ 1,915,129</u>



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended June 30, 2005, consisted of the following, as reported on the fund financial statements:

Transfers to Nonmajor Governmental funds from:	
General Fund	\$ 25,000

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

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004 and are collected in 2005 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 2005 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2005, on the value as of December 31, 2004. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Richland, Crawford, Seneca and Huron Counties. The respective County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date tax bills are sent.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2005 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, 2005 was \$453,169 in the general fund. This amount has been recorded as revenue. The amount available as an advance at June 30, 2004 was \$433,255 in the general fund.

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

The assessed values upon which the fiscal year 2005 taxes were collected are:

	2004 Second Half Collections		2005 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 47,368,640	87.22	\$ 51,388,290	87.60
Public utility personal	3,221,330	5.93	3,210,310	5.47
Tangible personal property	<u>3,718,979</u>	<u>6.85</u>	<u>4,062,836</u>	<u>6.93</u>
Total	<u>\$ 54,308,949</u>	<u>100.00</u>	<u>\$ 58,661,436</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$45.00		\$45.00	

**NOTE 7 - SCHOOL DISTRICT INCOME TAX**

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

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

The 1.5% SDIT was passed in November 1989, and collections began January 1, 1990. SDIT revenue received by the general fund during fiscal year 2005 was \$1,266,436.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2005 consisted of taxes, accounts (billings for user charged services and student fees), loans and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. The loans receivable is due to the general fund loaning the private purpose trust monies to award scholarships, while the private purpose trust certificate of deposit awaits maturity. A summary of the items of receivables reported on the Statement of Net Assets follows:

**Governmental Activities:**

Taxes	\$ 3,518,757
Accounts	192
Loans	20,250
Due from other governments	<u>8,967</u>
Total	<u>\$ 3,548,166</u>

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

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Balance 06/30/04</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/05</u>
<b>Governmental Activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 456,136	\$ -	\$ -	\$ 456,136
Construction-in-progress	<u>33,425</u>	<u>-</u>	<u>(33,425)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>489,561</u>	<u>-</u>	<u>(33,425)</u>	<u>456,136</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	451,122	-	-	451,122
Buildings and improvements	5,158,433	120,424	-	5,278,857
Furniture and equipment	188,948	19,056	-	208,004
Vehicles	<u>709,428</u>	<u>-</u>	<u>-</u>	<u>709,428</u>
Total capital assets, being depreciated	<u>6,507,931</u>	<u>139,480</u>	<u>-</u>	<u>6,647,411</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(344,970)	(7,230)	-	(352,200)
Buildings and improvements	(3,690,489)	(99,953)	-	(3,790,442)
Furniture and equipment	(117,700)	(28,642)	-	(146,342)
Vehicles	<u>(525,625)</u>	<u>(41,552)</u>	<u>-</u>	<u>(567,177)</u>
Total accumulated depreciation	<u>(4,678,784)</u>	<u>(177,377)</u>	<u>-</u>	<u>(4,856,161)</u>
Governmental activities capital assets, net	<u>\$ 2,318,708</u>	<u>\$ (37,897)</u>	<u>\$ (33,425)</u>	<u>\$ 2,247,386</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

**NOTE 9 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 95,407
<u>Support Services:</u>	
Pupil	5,308
Instructional staff	4,563
Administration	1,166
Operations and maintenance	117
Pupil transportation	42,398
Extracurricular activities	16,598
Food service operations	<u>11,820</u>
Total depreciation expense	<u>\$ 177,377</u>

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

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

Capital assets consisting of equipment have been capitalized in the amount of \$73,403. This amount represents the present value of the future minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2005 totaled \$14,353 paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2005:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2006	\$ 17,808
2007	17,808
2008	<u>2,968</u>
Total minimum lease payments	38,584
Less amount representing interest	<u>(3,266)</u>
Total	<u>\$ 35,318</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

**NOTE 11 - LONG-TERM OBLIGATIONS**

- A. During fiscal year 2005, the following changes occurred in governmental activities long-term obligations:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amounts</u>
	<u>06/30/04</u>			<u>06/30/05</u>	<u>Due in</u>
					<u>One Year</u>
Compensated absences	\$ 285,554	\$ 52,372	\$ (46,146)	\$ 291,780	\$ 30,537
Capital lease obligation	<u>49,671</u>	<u>-</u>	<u>(14,353)</u>	<u>35,318</u>	<u>15,544</u>
Total	<u>\$ 335,225</u>	<u>\$ 52,372</u>	<u>\$ (60,499)</u>	<u>\$ 327,098</u>	<u>\$ 46,081</u>

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2005 are a voted debt margin of \$5,279,529 and an unvoted debt margin \$58,661.

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

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

The District maintains property insurance with Marsh USA (OSIP) for real property and building contents. Real property and contents are insured for \$25,219,565. General liability is protected by the Marsh USA (OSIP), with a \$4,000,000 annual aggregate/\$2,000,000 single occurrence limit and \$4,000,000 excess liability coverage. The bus fleet is also covered by Marsh USA (OSIP).

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

**B. Employee Health Insurance**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 12 - RISK MANAGEMENT - (Continued)**

**C. Workers' Compensation**

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

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants. The worker's compensation experience of the participating school districts is calculated as one and a common premium rate is applied to participants. Each participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476, or by calling (614) 222-5853.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate of 14% for 2005, 10.57% was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$114,831, \$108,895, and \$97,241, respectively; 41.11% has been contributed for fiscal year 2005 and 100% for the fiscal years 2004 and 2003. \$67,620 represents the unpaid contribution for fiscal year 2005.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**B. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The District's required contributions to STRS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$420,108, \$386,816, \$351,105, respectively; 81.78% has been contributed for fiscal year 2005 and 100% for the fiscal years 2004 and 2003. \$76,564 represents the unpaid contribution for fiscal year 2005.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2005, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by state statute. Both STRS and SERS are funded on a pay-as-you-go-basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$30,008 during fiscal 2005.

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$3.1 billion at June 30, 2004 (the latest information available). For the fiscal year ended June 30, 2004 (the latest information available), net health care costs paid by STRS were \$268.739 million and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply.

For this fiscal year, employer contributions to fund health care benefits were 3.43% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay has been established at \$27,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2004 (the latest information available) were \$223.444 million and the target level was \$335.2 million. At June 30, 2004, (the latest information available) SERS had net assets available for payment of health care benefits of \$300.8 million and SERS had approximately 62,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$55,902 during the 2005 fiscal year.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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

**Net Change in Fund Balance**

	<u>General Fund</u>
Budget basis	\$ 285,510
Net adjustment for revenue accruals	(32,727)
Net adjustment for expenditure accruals	(69,400)
Adjustment for encumbrances	172,959
GAAP basis	\$ 356,342

**NOTE 16 - CONTINGENCIES**

**A. Grants**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

**NOTE 16 - CONTINGENCIES - (Continued)**

**B. Litigation**

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

**C. State School Funding Decision**

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 District is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

**NOTE 17 - STATUTORY RESERVES**

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2005, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside cash balance as of June 30, 2004	\$ (127,154)	\$ -
Current year set-aside requirement	98,479	98,479
Qualifying disbursements	<u>(125,913)</u>	<u>(122,689)</u>
Total	<u>\$ (154,588)</u>	<u>\$ (24,210)</u>
Cash balance carried forward to FY 2006	<u>\$ (154,588)</u>	<u>\$ -</u>

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

**NOTE 18 - COMMITMENT**

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

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

The remaining balance of the debt at June 30, 2005 is \$836,460 and matures in 2023. The District receives tax revenue related to the new boundaries. The activity related to this transaction is recorded as other instructional expenditures in the General fund. The debt is not recorded on the District's financial statements, since it is debt of Tiffin City School District.

# JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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

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

We have audited the financial statements of the governmental activities, its major fund, and the remaining aggregate fund information of the Buckeye Central Local School District as of and for the fiscal year ended June 30, 2005, which collectively comprise the Buckeye Central Local School District's basic financial statements and have issued our report thereon dated September 23, 2005. During the fiscal year ended June 30, 2005, the Buckeye Central Local School District implemented Governmental Accounting Standards Board (GASB) Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

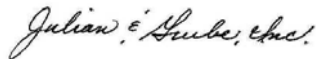
In planning and performing our audit, we considered Buckeye Central Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the management of Buckeye Central Local School District in a separate letter dated September 23, 2005.

Board of Education  
Buckeye Central Local School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buckeye Central Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain matter that we reported to the management of the Buckeye Central Local School District in a separate letter dated September 23, 2005.

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



Julian & Grube, Inc.  
September 23, 2005



**Auditor of State  
Betty Montgomery**

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**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT**

**CRAWFORD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 22, 2005**