

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

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

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012***

**NANCY ACKERMAN, TREASURER**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Buckeye Central Local School District, Crawford County, prepared by Julian & Grube, Inc., for the audit period July 1, 2011 to June 30, 2012. 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 black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

January 9, 2013

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

BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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Independent Accountants' Report

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Buckeye Central Local School District, Crawford County, Ohio, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Buckeye Central Local School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Buckeye Central Local School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Buckeye Central Local School District, Crawford County, Ohio, as of June 30, 2012, and the respective changes in financial position thereof and the 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.C., the Buckeye Central Local School District has reported a prior period adjustment to net assets to properly state capital assets and accumulated depreciation at June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2012 on our consideration of the Buckeye Central Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Independent Accountants' Report  
Buckeye Central Local School District  
Page Two

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Buckeye Central Local School District's basic financial statements taken as a whole. The Schedule of Receipts and Expenditures of Federal Awards provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule of Receipts and Expenditures of Federal Awards is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Julian & Grube, Inc.  
November 21, 2012



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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, 2012. 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 2012 are as follows:

- In total, net assets of governmental activities decreased \$635,784 which represents a 2.86% decrease from 2011.
- General revenues accounted for \$7,793,776 in revenue or 83.83% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,503,417 or 16.17% of total revenues of \$9,297,193.
- The District had \$9,932,977 in expenses related to governmental activities; \$1,503,417 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 \$7,793,776 were not adequate to provide for these programs.
- The District's three major governmental funds are the general fund, bond retirement fund and classroom facilities fund. The general fund had \$7,789,961 in revenues and \$8,202,967 in expenditures and other financing uses. During fiscal year 2012, the general fund's fund balance decreased \$413,006 from a balance of \$2,900,012 to \$2,487,006.
- The bond retirement fund had \$604,753 in revenues and \$547,258 in expenditures. During fiscal year 2012, the bond retirement fund's fund balance increased by \$57,495 from a balance of \$692,771 to a balance of \$750,266.
- The classroom facilities fund had \$587 in revenues and \$71,541 in expenditures. During fiscal year 2012, the classrooms facilities fund's fund balance decreased by \$70,954 from a balance of \$1,613,094 to a balance of \$1,542,140.

**Using these Basic Financial Statements**

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**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 2012?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The District's statement of net assets and statement of activities can be found on pages 14-15 of this report.

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

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 10. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's three major governmental funds are the general fund, bond retirement fund and classroom facilities fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 16-20 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 21 and 22. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

***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 23-52 of this report.

**The District as a Whole**

The statement of net assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2012 and 2011. The June 30, 2011 net assets were restated as described in Note 3.C.

	Net Assets	
	Governmental Activities 2012	Restated Governmental Activities 2011
<b><u>Assets</u></b>		
Current and other assets	\$ 8,789,589	\$ 8,709,409
Capital assets, net	24,776,885	25,227,916
Total assets	33,566,474	33,937,325
<b><u>Liabilities</u></b>		
Current liabilities	3,125,289	2,575,390
Long-term liabilities	8,838,973	9,123,939
Total liabilities	11,964,262	11,699,329
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	16,894,814	17,229,675
Restricted	2,932,776	2,766,872
Unrestricted	1,774,622	2,241,449
Total net assets	\$ 21,602,212	\$ 22,237,996

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012, the District's assets exceeded liabilities by \$21,602,212. Of this total, \$1,774,622 is unrestricted in use.

At year-end, capital assets represented 73.81% 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, 2012, were \$16,894,814. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

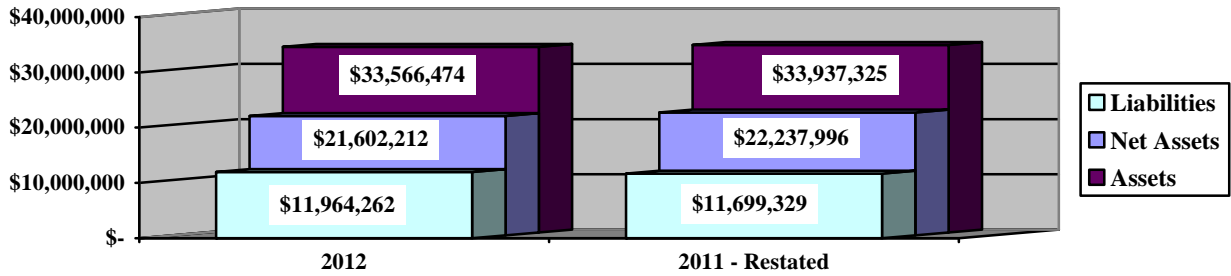
A portion of the District's net assets, \$2,932,776, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$1,774,622 may be used to meet the District's ongoing obligations to the students and creditors.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The graph below illustrates the District's assets, liabilities and net assets at June 30, 2012.

**Governmental Activities**



The table below shows the change in net assets for fiscal year 2012 and 2011.

	<u>Change in Net Assets</u>	
	<u>Governmental Activities 2012</u>	<u>Governmental Activities 2011</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 584,856	\$ 507,608
Operating grants and contributions	918,561	1,586,161
General revenues:		
Property taxes	1,983,485	2,409,101
School district income tax	1,554,978	1,473,363
Grants and entitlements	4,187,233	4,224,198
Investment earnings	6,080	12,578
Miscellaneous	<u>62,000</u>	<u>3,957</u>
 Total revenues	 <u>9,297,193</u>	 <u>10,216,966</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Change in Net Assets</b>	
	Governmental Activities 2012	Governmental Activities 2011
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 4,843,268	\$ 4,814,903
Special	801,397	968,506
Vocational	155,356	152,595
Other	75	1,185
Support services:		
Pupil	279,740	218,646
Instructional staff	189,782	287,232
Board of education	25,487	18,821
Administration	773,303	741,395
Fiscal	279,630	286,320
Business	-	22,298
Operations and maintenance	655,736	685,583
Pupil transportation	498,203	557,489
Central	60,326	61,296
Operations of non-instructional services:		
Food service operations	366,989	324,969
Other non-instructional services	103,631	84,052
Extracurricular activities	519,371	542,398
Interest and fiscal charges	380,683	387,685
<b>Total expenses</b>	<b>9,932,977</b>	<b>10,155,373</b>
<b><u>Special items</u></b>		
Gain on sale of asset	-	57,915
Demolition costs	-	(321,814)
<b>Total special items</b>	-	(263,899)
<b>Change in net assets</b>	<b>(635,784)</b>	<b>(202,306)</b>
<b>Net assets at beginning of year (Restated)</b>	<b>22,237,996</b>	<b>22,440,302</b>
<b>Net assets at end of year</b>	<b>\$ 21,602,212</b>	<b>\$ 22,237,996</b>

**Governmental Activities**

Net assets of the District's governmental activities decreased \$635,784. Total governmental expenses of \$9,932,977, were offset by program revenues of \$1,503,417 and general revenues of \$7,793,776. Program revenues supported 15.14% of the total governmental expenses. There was a significant decrease in operating grants and contributions due to a decrease in American Recovery and Reinvestment Act (ARRA) funding.

The primary sources of revenue for governmental activities are derived from taxes, and grants and entitlements. These revenue sources represent 83.10% of total governmental revenue.

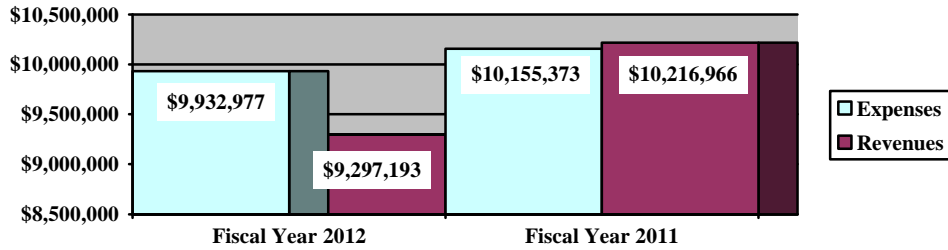
**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,800,096 or 58.39% of total governmental expenses for fiscal year 2012.

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2012 and 2011.

**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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

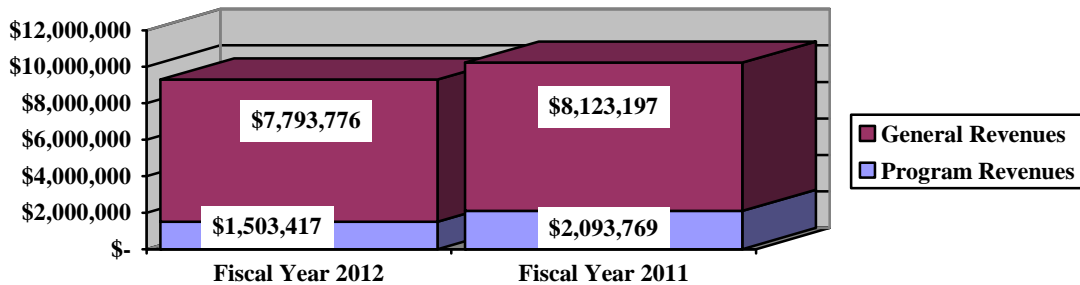
**Governmental Activities**

	Total Cost of Services <u>2012</u>	Net Cost of Services <u>2012</u>	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 4,843,268	\$ 4,573,400	\$ 4,814,903	\$ 4,274,860
Special	801,397	294,457	968,506	306,166
Vocational	155,356	97,334	152,595	148,489
Other	75	75	1,185	1,185
Support services:				
Pupil	279,740	228,546	218,646	140,752
Instructional staff	189,782	122,379	287,232	129,220
Board of education	25,487	25,487	18,821	18,821
Administration	773,303	773,303	741,395	740,366
Fiscal	279,630	279,630	286,320	286,320
Business	-	-	22,298	22,298
Operations and maintenance	655,736	655,736	685,583	615,813
Pupil transportation	498,203	498,203	557,489	461,270
Central	60,326	60,326	61,296	56,296
Operations of non-instructional services:				
Food service operations	366,989	17,618	324,969	5,524
Other non-instructional services	103,631	42,690	84,052	16,461
Extracurricular activities	519,371	379,693	542,398	450,078
Interest and fiscal charges	380,683	380,683	387,685	387,685
<b>Total expenses</b>	<u>\$ 9,932,977</u>	<u>\$ 8,429,560</u>	<u>\$ 10,155,373</u>	<u>\$ 8,061,604</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 85.61% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 84.86%. The District's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2012 and 2011.

**Governmental Activities - General and Program Revenues**



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 16) reported a combined fund balance of \$5,394,222, which is lower than last year's total of \$5,742,245. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2012 and 2011.

	<u>Fund Balance</u> <u>June 30, 2012</u>	<u>Fund Balance</u> <u>June 30, 2011</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
General	\$ 2,487,006	\$ 2,900,012	\$ (413,006)	(14.24) %
Bond retirement	750,266	692,771	57,495	8.30 %
Classroom facilities	1,542,140	1,613,094	(70,954)	(4.40) %
Other governmental	<u>614,810</u>	<u>536,368</u>	<u>78,442</u>	14.62 %
Total	<u>\$ 5,394,222</u>	<u>\$ 5,742,245</u>	<u>\$ (348,023)</u>	(6.06) %

The District's general fund balance decreased \$413,006.

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

	<u>2012</u> <u>Amount</u>	<u>2011</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 3,003,949	\$ 3,215,410	\$ (211,461)	(6.58) %
Earnings on investments	5,148	10,476	(5,328)	(50.86) %
Intergovernmental	4,479,464	4,546,867	(67,403)	(1.48) %
Other revenues	<u>301,400</u>	<u>280,893</u>	<u>20,507</u>	7.30 %
Total	<u>\$ 7,789,961</u>	<u>\$ 8,053,646</u>	<u>\$ (263,685)</u>	(3.27) %
<b><u>Expenditures</u></b>				
Instruction	\$ 5,194,850	\$ 5,014,345	\$ 180,505	3.60 %
Support services	2,582,365	2,283,525	298,840	13.09 %
Non-instructional services	12,686	11,803	883	7.48 %
Extracurricular activities	288,576	305,658	(17,082)	(5.59) %
Facilities acquisition and construction	893	-	893	100.00 %
Debt service	<u>73,597</u>	<u>73,597</u>	<u>-</u>	-
Total	<u>\$ 8,152,967</u>	<u>\$ 7,688,928</u>	<u>\$ 464,039</u>	6.04 %

Overall revenue in the general fund remained relatively stable, with a decrease of only 3.27%. Earnings on investments decreased 50.86% due to a decrease in interest rates on the District's investments. Intergovernmental revenue decreased \$67,403 due to a decrease in State foundation revenues recorded in the general fund.

Expenditures of the general fund increased \$464,039 or 6.04%. The largest increase in expenditures is support services of \$298,840 or 13.09%, which can primarily be attributed to the increase in operations and maintenance and pupil transportation costs. All other expenditures remain comparable to fiscal year 2011.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

***Bond Retirement***

The bond retirement fund had \$604,753 in revenues during fiscal year 2012. The bond retirement fund had \$547,258 in expenditures. During fiscal year 2012, the bond retirement fund's fund balance increased by \$57,495 from a balance of \$692,771 to a balance of \$750,266.

***Classroom Facilities Fund***

The classroom facilities fund had \$587 in revenues during fiscal year 2012. The classroom facilities fund had \$71,541 in expenditures. During fiscal year 2012, the classroom facilities fund's fund balance decreased by \$70,954 from a balance of \$1,613,094 to a balance of \$1,542,140.

***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 2012, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$8,060,331 and final budgeted revenues and other financing sources were \$8,091,331. Actual revenues and other financing sources for fiscal year 2012, were \$8,094,825. This represents a \$3,494 increase over final budgeted revenues.

General fund original appropriations and other financing uses totaled \$8,569,931 and final appropriations and other financing uses totaled \$8,600,931. The actual budget basis expenditures and other financing uses for fiscal year 2012 totaled \$8,449,496, which is lower than the final budget appropriations by \$151,435.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2012, the District had \$24,776,885 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The following table shows fiscal year 2012 balances compared to 2011. The District restated capital assets as described in Note 3.C.

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

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>Restated 2011</u>
Land	\$ 421,398	\$ 421,398
Land improvements	169,314	185,057
Building and improvements	23,651,814	24,113,462
Furniture and equipment	351,673	403,252
Vehicles	<u>182,686</u>	<u>104,747</u>
Total	<u>\$ 24,776,885</u>	<u>\$ 25,227,916</u>

The overall decrease in capital assets of \$451,031 is due to depreciation of \$605,875 exceeding capital outlays of \$154,844.

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

***Debt Administration***

The following table summarizes the District's long term debt outstanding at June 30, 2012.

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Current interest bonds - Series 2007	\$ 7,640,000	\$ 7,855,000
Capital appreciation bonds - Series 2007	180,991	180,991
Accreted interest	152,733	114,472
Loans payable	384,599	409,878
Capital lease obligations	<u>55,688</u>	<u>77,407</u>
Total	<u>\$ 8,414,011</u>	<u>\$ 8,637,748</u>

At June 30, 2012, the District had \$8,414,011 in current interest bonds, capital appreciation bonds, accreted interest loans payable, and capital lease obligations. The general obligation bond issues are comprised of current issue bonds and capital appreciation bonds. Of this total, \$275,146 is due within one year and \$8,138,865 is due within greater than one year.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Current Financial Related Activities**

Overall, the District is financially sound. The current economic conditions will have an effect not only on the district's income tax but also the property tax through new property values just released. The funding received from the state is also very questionable. The challenge for the District is to continue to provide the resources necessary to meet student needs and be able to stay within the five-year forecast. The five-year forecast is utilized to effectively and efficiently manage the District's resources to the fullest. In fiscal year 2012, the District's expenses exceeded revenue. The five year forecast shows that expenditures will continue to exceed revenue throughout. The Board has taken steps to minimize expenditures and control spending.

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

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

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

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

**Contacting the District's Financial Management**

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

**BASIC  
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS  
JUNE 30, 2012

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . .	\$ 5,624,697
Receivables:	
Taxes . . . . .	2,950,482
Accounts. . . . .	2,500
Accrued interest . . . . .	337
Intergovernmental . . . . .	76,689
Prepayments . . . . .	11,893
Materials and supplies inventory. . . . .	6,410
Unamortized bond issuance costs . . . . .	116,581
Capital assets:	
Land. . . . .	421,398
Depreciable capital assets, net. . . . .	24,355,487
Capital assets, net . . . . .	24,776,885
Total assets. . . . .	33,566,474
<b>Liabilities:</b>	
Accounts payable. . . . .	23,979
Contracts payable. . . . .	39,928
Accrued wages and benefits . . . . .	667,214
Pension obligation payable. . . . .	145,122
Intergovernmental payable . . . . .	29,670
Unearned revenue . . . . .	2,194,143
Accrued interest payable . . . . .	25,233
Long-term liabilities:	
Due within one year. . . . .	318,791
Due in more than one year. . . . .	8,520,182
Total liabilities . . . . .	11,964,262
<b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	16,894,814
Restricted for:	
Capital projects . . . . .	1,813,481
Classroom facilities maintenance . . . . .	214,896
Debt service. . . . .	775,440
Federally funded programs . . . . .	51,213
Student activities . . . . .	19,742
Other purposes . . . . .	58,004
Unrestricted . . . . .	1,774,622
Total net assets . . . . .	\$ 21,602,212

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, 2012

	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 . . . . .	\$ 4,843,268	\$ 264,308	\$ 5,560	\$ (4,573,400)
Special . . . . .	801,397	17,257	489,683	(294,457)
Vocational . . . . .	155,356	-	58,022	(97,334)
Other . . . . .	75	-	-	(75)
Support services:				
Pupil . . . . .	279,740	-	51,194	(228,546)
Instructional staff . . . . .	189,782	-	67,403	(122,379)
Board of education . . . . .	25,487	-	-	(25,487)
Administration . . . . .	773,303	-	-	(773,303)
Fiscal . . . . .	279,630	-	-	(279,630)
Operations and maintenance . . . . .	655,736	-	-	(655,736)
Pupil transportation . . . . .	498,203	-	-	(498,203)
Central . . . . .	60,326	-	-	(60,326)
Operation of non-instructional services:				
Food service operations . . . . .	366,989	163,613	185,758	(17,618)
Other non-instructional services . . . . .	103,631	-	60,941	(42,690)
Extracurricular activities . . . . .	519,371	139,678	-	(379,693)
Interest and fiscal charges . . . . .	380,683	-	-	(380,683)
Total governmental activities . . . . .	<u>\$ 9,932,977</u>	<u>\$ 584,856</u>	<u>\$ 918,561</u>	<u>(8,429,560)</u>

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	1,446,953
Debt service . . . . .	505,518
Special revenue . . . . .	31,014
School district income tax . . . . .	1,554,978
Grants and entitlements not restricted	
to specific programs . . . . .	4,187,233
Investment earnings . . . . .	6,080
Miscellaneous . . . . .	62,000
Total general revenues . . . . .	<u>7,793,776</u>
Change in net assets . . . . .	(635,784)
<b>Net assets at beginning of year (restated) . . . . .</b>	<u>22,237,996</u>
<b>Net assets at end of year . . . . .</b>	<u>\$ 21,602,212</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	<u>General</u>	<u>Bond Retirement</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents. . . . .	\$ 2,710,311	\$ 711,534	\$ 1,576,044	\$ 626,808	\$ 5,624,697
Receivables:					
Taxes. . . . .	2,335,718	575,174	-	39,590	2,950,482
Accounts. . . . .	2,500	-	-	-	2,500
Accrued interest . . . . .	337	-	-	-	337
Intergovernmental . . . . .	42,086	-	-	34,603	76,689
Prepayments. . . . .	11,893	-	-	-	11,893
Materials and supplies inventory. . . . .	-	-	-	6,410	6,410
Total assets . . . . .	<u>\$ 5,102,845</u>	<u>\$ 1,286,708</u>	<u>\$ 1,576,044</u>	<u>\$ 707,411</u>	<u>\$ 8,673,008</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 23,652	\$ -	\$ -	\$ 327	\$ 23,979
Contracts payable. . . . .	-	-	33,609	6,319	39,928
Accrued wages and benefits. . . . .	639,627	-	-	27,587	667,214
Compensated absences payable . . . . .	23,393	-	-	-	23,393
Intergovernmental payable . . . . .	28,247	-	295	1,128	29,670
Unearned revenue. . . . .	1,647,208	511,268	-	35,667	2,194,143
Deferred revenue . . . . .	112,721	25,174	-	17,442	155,337
Pension obligation payable . . . . .	140,991	-	-	4,131	145,122
Total liabilities. . . . .	<u>2,615,839</u>	<u>536,442</u>	<u>33,904</u>	<u>92,601</u>	<u>3,278,786</u>
<b>Fund Balances:</b>					
Nonspendable:					
Materials and supplies inventory. . . . .	-	-	-	6,410	6,410
Prepays. . . . .	11,893	-	-	-	11,893
Restricted:					
Debt service . . . . .	-	750,266	-	-	750,266
Capital improvements . . . . .	-	-	1,542,140	271,341	1,813,481
Classroom facilities maintenance . . . . .	-	-	-	213,306	213,306
Food service operations . . . . .	-	-	-	65,218	65,218
Non-public schools . . . . .	-	-	-	3,388	3,388
Special education . . . . .	-	-	-	24,026	24,026
Targeted academic assistance . . . . .	-	-	-	11,749	11,749
Other purposes. . . . .	-	-	-	46	46
Extracurricular. . . . .	-	-	-	19,742	19,742
Committed:					
Underground storage. . . . .	10,000	-	-	-	10,000
Assigned:					
Student instruction . . . . .	70,310	-	-	-	70,310
Student and staff support. . . . .	157,179	-	-	-	157,179
Extracurricular activities . . . . .	1,222	-	-	-	1,222
Subsequent year appropriation. . . . .	280,400	-	-	-	280,400
Public school support. . . . .	6,387	-	-	-	6,387
Other purposes. . . . .	2,410	-	-	-	2,410
Unassigned (deficit). . . . .	1,947,205	-	-	(416)	1,946,789
Total fund balances . . . . .	<u>2,487,006</u>	<u>750,266</u>	<u>1,542,140</u>	<u>614,810</u>	<u>5,394,222</u>
Total liabilities and fund balances . . . . .	<u>\$ 5,102,845</u>	<u>\$ 1,286,708</u>	<u>\$ 1,576,044</u>	<u>\$ 707,411</u>	<u>\$ 8,673,008</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, 2012

<b>Total governmental fund balances</b>		\$ 5,394,222
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		24,776,885
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable	\$ 97,399	
Intergovernmental receivable	<u>57,938</u>	
Total		155,337
Unamortized bond issuance costs are not recognized in the funds		116,581
Unamortized premiums on bond issuance are not recognized in the funds.		(121,973)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(25,233)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable	(279,596)	
General obligation bonds payable	(7,973,724)	
Capital lease obligations	(55,688)	
Loans payable	<u>(384,599)</u>	
Total		<u>(8,693,607)</u>
<b>Net assets of governmental activities</b>		<u>\$ 21,602,212</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, 2012

	<u>General</u>	<u>Bond Retirement</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
From local sources:					
Property taxes . . . . .	\$ 1,448,971	\$ 505,860	\$ -	\$ 31,036	\$ 1,985,867
Income taxes . . . . .	1,554,978	-	-	-	1,554,978
Tuition . . . . .	213,465	-	-	-	213,465
Earnings on investments . . . . .	5,148	-	587	445	6,180
Charges for services . . . . .	-	-	-	163,527	163,527
Extracurricular . . . . .	17,835	-	-	121,843	139,678
Classroom materials and fees . . . . .	16,305	-	-	-	16,305
Rental income . . . . .	2,610	-	-	-	2,610
Contributions and donations . . . . .	2,000	-	-	-	2,000
Other local revenues . . . . .	49,185	-	-	437	49,622
Intergovernmental - state . . . . .	4,444,810	98,893	-	73,937	4,617,640
Intergovernmental - federal . . . . .	34,654	-	-	569,777	604,431
Total revenues . . . . .	<u>7,789,961</u>	<u>604,753</u>	<u>587</u>	<u>961,002</u>	<u>9,356,303</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	4,362,297	-	-	164,932	4,527,229
Special . . . . .	691,894	-	-	112,780	804,674
Vocational . . . . .	140,584	-	-	4,002	144,586
Other . . . . .	75	-	-	-	75
Support services:					
Pupil . . . . .	221,878	-	-	55,240	277,118
Instructional staff . . . . .	118,932	-	-	72,008	190,940
Board of education . . . . .	20,795	-	-	-	20,795
Administration . . . . .	759,798	-	-	-	759,798
Fiscal . . . . .	262,433	15,535	-	961	278,929
Operations and maintenance . . . . .	525,415	-	-	26,235	551,650
Pupil transportation . . . . .	612,788	-	-	-	612,788
Central . . . . .	60,326	-	-	-	60,326
Operation of non-instructional services:					
Food service operations . . . . .	-	-	-	344,265	344,265
Operation of non-instructional . . . . .	12,686	-	-	79,410	92,096
Extracurricular activities . . . . .	288,576	-	-	115,663	404,239
Facilities acquisition and construction . . . . .	893	-	71,541	17,064	89,498
Debt service:					
Principal retirement . . . . .	46,998	215,000	-	-	261,998
Interest and fiscal charges . . . . .	26,599	316,723	-	-	343,322
Total expenditures . . . . .	<u>8,152,967</u>	<u>547,258</u>	<u>71,541</u>	<u>992,560</u>	<u>9,764,326</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(363,006)</u>	<u>57,495</u>	<u>(70,954)</u>	<u>(31,558)</u>	<u>(408,023)</u>
<b>Other financing sources (uses):</b>					
Sale of assets . . . . .	-	-	-	60,000	60,000
Transfers in . . . . .	-	-	-	50,000	50,000
Transfers (out) . . . . .	(50,000)	-	-	-	(50,000)
Total other financing sources (uses) . . . . .	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>110,000</u>	<u>60,000</u>
Net change in fund balances . . . . .	(413,006)	57,495	(70,954)	78,442	(348,023)
<b>Fund balances at beginning of year . . . . .</b>	<u>2,900,012</u>	<u>692,771</u>	<u>1,613,094</u>	<u>536,368</u>	<u>5,742,245</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 2,487,006</u>	<u>\$ 750,266</u>	<u>\$ 1,542,140</u>	<u>\$ 614,810</u>	<u>\$ 5,394,222</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**Net change in fund balances - total governmental funds** \$ (348,023)

*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.

Capital asset additions	\$	154,844	
Current year depreciation		(605,875)	
Total			(451,031)

Principal payments on bonds, capital leases and loans are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.			261,998
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Property taxes		(2,382)	
Intergovernmental		(116,728)	
Total			(119,110)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:			
Decrease in accrued interest payable		670	
Accreted interest on "capital appreciation" bonds		(38,261)	
Amortization of bond issuance costs		(4,979)	
Amortization of bond premiums		5,209	
Total			(37,361)

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.			57,743

**Change in net assets of governmental activities** \$ (635,784)

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 1,777,165	\$ 1,784,000	\$ 1,784,080	\$ 80
Income taxes. . . . .	1,526,723	1,532,595	1,532,946	351
Tuition. . . . .	212,383	213,200	213,465	265
Earnings on investments . . . . .	4,483	4,500	5,141	641
Classroom materials and fees . . . . .	16,238	16,300	16,305	5
Rental income . . . . .	2,490	2,500	2,610	110
Contributions and donations . . . . .	1,992	2,000	2,000	-
Other local revenues . . . . .	47,019	47,200	47,686	486
Intergovernmental - state . . . . .	4,426,512	4,443,536	4,444,810	1,274
Intergovernmental - federal . . . . .	34,368	34,500	34,654	154
<b>Total revenues . . . . .</b>	<u>8,049,373</u>	<u>8,080,331</u>	<u>8,083,697</u>	<u>3,366</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	4,618,982	4,412,416	4,371,177	41,239
Special. . . . .	681,288	748,853	743,855	4,998
Vocational. . . . .	125,677	144,093	138,529	5,564
Other. . . . .	50,027	47,100	46,545	555
Support services:				
Pupil. . . . .	152,655	218,028	215,821	2,207
Instructional staff . . . . .	169,387	150,899	138,224	12,675
Board of education . . . . .	28,266	28,250	15,283	12,967
Administration. . . . .	780,901	812,429	782,700	29,729
Fiscal . . . . .	280,453	278,391	273,209	5,182
Business . . . . .	34,541	34,521	31,648	2,873
Operations and maintenance. . . . .	607,920	608,067	604,496	3,571
Pupil transportation . . . . .	646,357	704,448	692,922	11,526
Central. . . . .	59,037	63,100	60,216	2,884
Operation of non-instructional services . . . . .	15,008	13,500	13,686	(186)
Extracurricular activities. . . . .	284,402	285,836	270,292	15,544
Facilities acquisition and construction . . . . .	10,001	1,000	893	107
<b>Total expenditures . . . . .</b>	<u>8,544,902</u>	<u>8,550,931</u>	<u>8,399,496</u>	<u>151,435</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(495,529)</u>	<u>(470,600)</u>	<u>(315,799)</u>	<u>154,801</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	10,958	11,000	11,128	128
Transfers (out). . . . .	(25,029)	(50,000)	(50,000)	-
<b>Total other financing sources (uses) . . . . .</b>	<u>(14,071)</u>	<u>(39,000)</u>	<u>(38,872)</u>	<u>128</u>
Net change in fund balance . . . . .	(509,600)	(509,600)	(354,671)	154,929
<b>Fund balance at beginning of year . . . . .</b>	2,622,117	2,622,117	2,622,117	-
<b>Prior year encumbrances appropriated . . . . .</b>	167,931	167,931	167,931	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,280,448</u>	<u>\$ 2,280,448</u>	<u>\$ 2,435,377</u>	<u>\$ 154,929</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, 2012

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ -	\$ 58,388
Cash in segregated accounts. . . . .	267,381	-
Receivables:		
Accrued interest . . . . .	12	-
Total assets. . . . .	267,393	\$ 58,388
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 185
Due to students . . . . .	-	58,203
Total liabilities . . . . .	-	\$ 58,388
<b>Net assets:</b>		
Held in trust for scholarships . . . . .	267,393	
Total net assets . . . . .	\$ 267,393	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest. . . . .	\$ 717
Total additions. . . . .	717
 <b>Deductions:</b>	
Scholarships awarded . . . . .	4,000
Change in net assets . . . . .	(3,283)
<b>Net assets at beginning of year . . . . .</b>	<b>270,676</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 267,393</b>

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, 2012**

**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 558<sup>th</sup> largest by total enrollment among the 918 public school districts and community schools in the State and 5<sup>th</sup> largest in Crawford County. The District employs 60 certified employees and 36 non-certified employees who provide services to 725 students.

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

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

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

**A. Reporting Entity**

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

*PUBLIC ENTITY RISK POOLS*

Wyandot Crawford Health Benefit Plan

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

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Northern Ohio Educational Computer Association (NOECA)

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

The following are the District's major governmental funds:

*General fund* - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

**FIDUCIARY FUNDS**

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

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

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

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

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



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

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

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

**D. Basis of Accounting**

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2012 are recorded as deferred revenue on the governmental fund financial statements.

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

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

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

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except agency funds). The specific timetable for fiscal year 2012 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Crawford County Budget Commission for tax rate determination. The Crawford County Budget Commission waived this requirement for fiscal year 2012.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2012.
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 the budgetary statement comparison 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 may not exceed the appropriation totals.
5. Any revisions that alter the total of any first digit object appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2012.
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 exceed budgeted appropriations at the legal level of control.

**F. Cash and Investments**

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

During fiscal year 2012, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

The District has invested funds in STAR Ohio during fiscal year 2012. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2012.

Under existing Ohio statutes all investment earnings are assigned to the general fund, unless statutorily required to be credited to a specific fund or by Board Resolution. Interest revenue credited to the general fund during fiscal year 2012 amounted to \$5,148, which includes \$2,190 assigned from other District funds.

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

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

**G. Inventory**

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

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

**H. Capital Assets**

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

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

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental activities column on the statement of net assets. The District had no interfund loans at June 30, 2012.

**J. Compensated Absences**

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2012, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2012 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

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

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

**L. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

*Restricted* - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**M. Net Assets**

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

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

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

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

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

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

**O. Prepayments**

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

**P. Estimates**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**Q. Interfund Activity**

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

**R. Parochial School**

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

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District did not have any extraordinary items or special items during fiscal year 2012.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2012, the District has implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53".

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the District.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the District.



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances**

Fund balances at June 30, 2012 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Vocational education enhancement	\$ 2
Education jobs	414

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 resulted from adjustments for accrued liabilities.

**C. Restatement of Net Assets**

The District restated capital assets following a reappraisal of the District's capital assets which affects net assets as follows:

	<u>Total</u>
Net assets, June 30, 2011	\$ 19,969,162
Restatement of capital assets	<u>2,268,834</u>
Restated net assets, June 30, 2011	<u>\$ 22,237,996</u>

**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 monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

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

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

**A. Cash on Hand**

At fiscal year end, the District had \$150 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".

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

**B. Cash in Segregated Accounts**

At June 30, 2012, \$267,381 was on deposit in the District’s scholarship 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; it is reported on the statement of fiduciary net assets as “cash in segregated accounts”.

**C. Deposits with Financial Institutions**

At June 30, 2012, the carrying amount of all District deposits was \$4,019,345. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2012, \$3,450,658 of the District’s bank balance of \$4,117,476 was exposed to custodial risk as discussed below, while \$666,818 was covered by the FDIC.

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

**D. Investments**

As of June 30, 2012, the District had the following investments:

<u>Investment type</u>	<u>Fair Value</u>	Investment <u>Maturities</u> 6 months or less
STAR Ohio	\$ 1,930,971	\$ 1,930,971
Total	<u>\$ 1,930,971</u>	<u>\$ 1,930,971</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 an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District’s investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State Statute.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2012:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 1,930,971	100.00
Total	<u>\$ 1,930,971</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2012:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,019,345
Investments	1,930,971
Cash on hand	<u>150</u>
Total	<u>\$ 5,950,466</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 5,624,697
Private-purpose trust funds	267,381
Agency funds	<u>58,388</u>
Total	<u>\$ 5,950,466</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund transfers for the fiscal year ended June 30, 2012, consisted of the following, as reported on the fund financial statements:

<u>Transfers to nonmajor governmental funds from:</u>	
General fund	<u>\$ 50,000</u>

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

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

All transfers made in fiscal year 2012 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Public utility real and personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Crawford County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available as an advance at June 30, 2012 was \$127,792 in the general fund, \$38,732 in the bond retirement debt service fund and \$2,402 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2011 was \$462,901 in the general fund, \$160,430 in the bond retirement debt service fund and \$10,144 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property which are measurable as of June 30, 2012 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 91,557,430	95.62	\$ 88,094,170	95.28
Public utility personal	4,162,680	4.35	4,363,940	4.72
Tangible personal property	<u>31,030</u>	<u>0.03</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 95,751,140</u></b>	<b><u>100.00</u></b>	<b><u>\$ 92,458,110</u></b>	<b><u>100.00</u></b>
Tax rate per \$1,000 of assessed valuation for:				
Current	\$45.00		\$45.00	
Debt	7.60		7.60	
Classroom facility maintenance	0.50		0.50	

**NOTE 7 - SCHOOL DISTRICT INCOME TAX**

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

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 2012 was \$1,554,978.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2012 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the items of receivables reported on the statement of net assets follows:

**Governmental activities:**

Taxes	\$ 2,950,482
Accounts	2,500
Accrued interest	337
Intergovernmental	<u>76,689</u>
Total	<u>\$ 3,030,008</u>

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

**NOTE 9 - CAPITAL ASSETS**

A. The capital asset balances of the governmental activities have been restated due to a reappraisal of capital assets. See Note 3.C. for detail:

	Balance <u>June 30, 2011</u>	<u>Adjustments</u>	Restated Balance <u>June 30, 2011</u>
<b>Governmental activities:</b>			
<i>Capital assets, not being depreciated:</i>			
Land	\$ 421,398	\$ -	\$ 421,398
Total capital assets, not being depreciated	<u>421,398</u>	<u>-</u>	<u>421,398</u>
<i>Capital assets, being depreciated:</i>			
Land improvements	568,105	(241,852)	326,253
Buildings and improvements	23,028,979	2,013,596	25,042,575
Furniture and equipment	207,081	306,570	513,651
Vehicles	<u>935,309</u>	<u>(324,472)</u>	<u>610,837</u>
Total capital assets, being depreciated	<u>24,739,474</u>	<u>1,753,842</u>	<u>26,493,316</u>
<i>Less: accumulated depreciation:</i>			
Land improvements	(263,948)	122,752	(141,196)
Buildings and improvements	(1,124,883)	195,770	(929,113)
Furniture and equipment	(52,478)	(57,921)	(110,399)
Vehicles	<u>(760,481)</u>	<u>254,391</u>	<u>(506,090)</u>
Total accumulated depreciation	<u>(2,201,790)</u>	<u>514,992</u>	<u>(1,686,798)</u>
Governmental activities capital assets, net	<u>\$ 22,959,082</u>	<u>\$ 2,268,834</u>	<u>\$ 25,227,916</u>

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

**B.** Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Restated Balance <u>06/30/11</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/12</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 421,398	\$ -	\$ -	\$ 421,398
Total capital assets, not being depreciated	<u>421,398</u>	<u>-</u>	<u>-</u>	<u>421,398</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	326,253	-	-	326,253
Buildings and improvements	25,042,575	39,928	(13,691)	25,068,812
Furniture and equipment	513,651	-	-	513,651
Vehicles	610,837	114,916	-	725,753
Total capital assets, being depreciated	<u>26,493,316</u>	<u>154,844</u>	<u>(13,691)</u>	<u>26,634,469</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(141,196)	(15,743)	-	(156,939)
Buildings and improvements	(929,113)	(501,576)	13,691	(1,416,998)
Furniture and equipment	(110,399)	(51,579)	-	(161,978)
Vehicles	(506,090)	(36,977)	-	(543,067)
Total accumulated depreciation	<u>(1,686,798)</u>	<u>(605,875)</u>	<u>13,691</u>	<u>(2,278,982)</u>
Governmental activities capital assets, net	<u>\$ 25,227,916</u>	<u>\$ (451,031)</u>	<u>\$ -</u>	<u>\$ 24,776,885</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 334,561
Special	13,108
Vocational	10,770
<u>Support services:</u>	
Pupil	2,622
Instructional staff	18,492
Board of education	4,692
Administration	17,705
Fiscal	562
Operations and maintenance	51,373
Pupil transportation	4,131
Operation of non-instructional	10,721
Food service operations	22,204
Extracurricular activities	<u>114,934</u>
Total depreciation expense	<u>\$ 605,875</u>



**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

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

Equipment in the amount of \$111,488 has been capitalized as a capital asset. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2012 totaled \$21,719 paid by the general fund. Accumulated depreciation as of June 30, 2012 was \$55,745, leaving a current book value of \$55,743.

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, 2012:

<u>Fiscal Year Ending June 30.</u>		
2013		\$ 27,127
2014		27,127
2015		<u>6,781</u>
Total minimum lease payments		61,035
Less amount representing interest		<u>(5,347)</u>
Total		<u>\$ 55,688</u>

**NOTE 11 - LONG-TERM OBLIGATIONS**

A. During fiscal year 2012, the following activity occurred in the governmental activities long-term obligations:

	Balance			Balance	Amounts
	<u>June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2012</u>	<u>Due in</u>
					<u>One Year</u>
General obligation bonds	\$ 8,150,463	\$ 38,261	\$ (215,000)	\$ 7,973,724	\$ 225,000
Capital lease	77,407	-	(21,719)	55,688	23,522
Loan payable	409,878	-	(25,279)	384,599	26,624
Compensated absences	<u>359,009</u>	<u>27,981</u>	<u>(84,001)</u>	<u>302,989</u>	<u>43,645</u>
Total governmental activities	<u>\$ 8,996,757</u>	<u>\$ 66,242</u>	<u>\$ (345,999)</u>	8,717,000	<u>\$ 318,791</u>
Add: Unamortized premium on bonds				<u>121,973</u>	
Total on statement of net assets				<u>\$ 8,838,973</u>	

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

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

- B. General Obligation Bonds - Series 2007:** On May 30, 2007, the District issued general obligation bonds to finance building construction and improvements in accordance with the terms of a facilities grant from the Ohio Schools Facilities Commission (OSFC). The total project (hereafter "Construction Project") encompasses the construction of one new facility to house K-12 and to demolish Buckeye East Elementary, Buckeye North Elementary, Buckeye West Elementary and Buckeye Central High School. This issue is comprised of both current interest bonds, par value \$8,260,000, and capital appreciation bonds, par value \$180,991. The interest rates on the current interest bonds range from 4.00% to 4.25%. The capital appreciation bonds mature on December 1, 2014 (stated interest 12.59%) and December 1, 2015 (stated interest 12.59%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$480,000. Total accreted interest of \$152,733 has been included in the statement of net assets at June 30, 2012.

These bonds represent the amount of the Construction Project that the District itself was required to finance, in accordance with the terms of the facilities grant from OSFC. OSFC will make quarterly disbursements to the District as the project is completed. As of June 30, 2012, the total cost of the Construction Project is \$21,284,160, of which OSFC will pay \$16,924,895.

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

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

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

The following is a schedule of activity for fiscal year 2012 on the 2007 series bonds:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Current interest bonds -				
2007 Series	\$ 7,855,000	\$ -	\$(215,000)	\$ 7,640,000
Capital appreciation bonds -				
2007 Series	180,991	-	-	180,991
Capital appreciation bonds -				
Accreted Interest	<u>114,472</u>	<u>38,261</u>	<u>-</u>	<u>152,733</u>
<b>Total</b>	<b><u>\$ 8,150,463</u></b>	<b><u>\$ 38,261</u></b>	<b><u>\$(215,000)</u></b>	<b><u>\$ 7,973,724</u></b>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 225,000	\$ 307,927	\$ 532,927	\$ -	\$ -	\$ -
2014	235,000	298,723	533,723	-	-	-
2015	-	294,022	294,022	96,014	143,986	240,000
2016	-	294,023	294,023	84,977	155,023	240,000
2017	240,000	289,223	529,223	-	-	-
2018 - 2022	1,350,000	1,291,115	2,641,115	-	-	-
2023 - 2027	1,645,000	992,815	2,637,815	-	-	-
2028 - 2032	2,005,000	626,085	2,631,085	-	-	-
2033 - 2036	<u>1,940,000</u>	<u>169,037</u>	<u>2,109,037</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 7,640,000</u></b>	<b><u>\$ 4,562,970</u></b>	<b><u>\$ 12,202,970</u></b>	<b><u>\$ 180,991</u></b>	<b><u>\$ 299,009</u></b>	<b><u>\$ 480,000</u></b>

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

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

The remaining balance of the debt, including interest, at June 30, 2012, is \$511,171 and matures in 2023. The District receives tax revenue related to the new boundaries. The District demolished the building related to the transfer of assets in the fiscal year 2010 and sold the land in fiscal year 2011. The assets were taken off the capital asset activities in the appropriate years. The activity related to this transaction has been reclassified and is reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements in the general fund.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

Fiscal Year Ending June 30.	Principal	Interest	Total
2013	\$ 26,624	\$ 19,846	\$ 46,470
2014	28,040	18,430	46,470
2015	29,531	16,939	46,470
2016	31,102	15,368	46,470
2017	32,756	13,714	46,470
2018 - 2022	191,843	40,507	232,350
2023	44,703	1,768	46,471
Total	<u>\$ 384,599</u>	<u>\$ 126,572</u>	<u>\$ 511,171</u>

**D. Legal Debt Margin**

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

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

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

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

The District maintains property insurance with Dawson Companies for real property and building contents. Real property and contents are insured for \$27,113,392. General liability is protected by KMU, with a \$2,000,000 annual aggregate/\$1,000,000 single occurrence limit and \$6,000,000 excess liability coverage. The bus fleet is also covered by Dawson Companies.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

**B. Employee Health Insurance**

The District has joined together with Carey Exempted Village Schools, Colonel Crawford Local Schools, Galion City School District, Shelby City School District, Triway Local School District and Upper Sandusky Exempted Village Schools to form the Wyandot Crawford Health Benefit Plan (WCHBP), a public entity shared risk pool, operating as a common risk management and insurance program for the member Districts. The plan was organized to provide benefit coverage for employees, dependents and designated beneficiaries of such employees. The Huntington National Bank serves as trustee for the Wyandot-Crawford Health Benefit Plan. The District pays an annual premium to the pool for its general insurance coverage. The risk of loss transfers entirely from the District to WCHBP. The Agreement for formation of the WCHBP provides that the WCHBP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$125,000 for each insured event.

**C. Workers' Compensation**

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

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

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$121,462, \$114,008 and \$119,069, respectively; 63.53 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

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

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2012, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$423,782, \$428,826 and \$417,369, respectively; 84.29 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$10,656 made by the District and \$7,612 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2012, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 (latest information available) was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "*Employers/Audit Resources*".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, 0.55 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011 and 2010 were \$19,691, \$27,727 and \$23,306 respectively; 63.53 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$7,173, \$7,337 and \$7,081, respectively; 63.53 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

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

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org), under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2012, 2011 and 2010 were \$32,599, \$32,987 and \$32,105, respectively; 84.29 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

- (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 assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget 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	\$ (354,671)
Net adjustment for revenue accruals	(311,571)
Net adjustment for expenditure accruals	11,312
Net adjustment for other sources/uses	(11,128)
Funds budgeted elsewhere	(3,085)
Adjustment for encumbrances	256,137
GAAP basis	\$ (413,006)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the special trust fund, uniform school supplies, underground storage tank fund and the public school support fund.

**NOTE 16 - CONTINGENCIES**

**A. Grants and ADM**

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

**B. Litigation**

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

**NOTE 17 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2011	\$ -
Current year set-aside requirement	121,139
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	(150,753)
Excess qualified expenditures from prior years	-
Current year offsets	-
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (29,614)</u>
Balance carried forward to fiscal year 2013	<u>\$ -</u>
Set-aside balance June 30, 2012	<u>\$ -</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 18 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 228,711
Capital projects fund	157,509
Nonmajor governmental funds	<u>49,939</u>
Total	<u>\$ 436,159</u>

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## **SUPPLEMENTARY DATA**

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
<b>Child Nutrition Grant Cluster</b>				
(D) (E) School Breakfast Program	10.553	2012	\$ 33,052	\$ 33,052
(D) (E) National School Lunch Program	10.555	2012	129,583	129,583
(C) (D) National School Lunch Program - Food Donation	10.555	2012	19,477	19,477
<b>Total National School Lunch Program</b>			<u>149,060</u>	<u>149,060</u>
<b>Total Child Nutrition Grant Cluster</b>			<u>182,112</u>	<u>182,112</u>
<b>Total U.S. Department of Agriculture</b>			<u>182,112</u>	<u>182,112</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
<b>Title I Grant Cluster:</b>				
(F) Title I Grants to Local Educational Agencies	84.010	2011	13,365	13,365
(F) Title I Grants to Local Educational Agencies	84.010	2012	50,727	38,652
<b>Total Title I Grants to Local Educational Agencies</b>			<u>64,092</u>	<u>52,017</u>
(F) ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2011	1,931	2,003
<b>Total Title I Grant Cluster</b>			<u>66,023</u>	<u>54,020</u>
<b>Special Education Grant Cluster:</b>				
(G) Special Education Grants to States	84.027	2011	17,931	17,931
(G) Special Education Grants to States	84.027	2012	128,873	123,432
<b>Total Special Education Grants to States</b>			<u>146,804</u>	<u>141,363</u>
(G) ARRA - Special Education Grants to States, Recovery Act	84.391	2011	19,985	20,286
(G) Special Education Preschool Grants	84.173	2012	1,832	1,832
<b>Total Special Education Grant Cluster</b>			<u>168,621</u>	<u>163,481</u>
Education Technology State Grants	84.318	2011	-	227
Education Technology State Grants	84.318	2012	818	818
<b>Total Education Technology State Grants</b>			<u>818</u>	<u>1,045</u>
Improving Teacher Quality State Grants	84.367	2011	-	139
Improving Teacher Quality State Grants	84.367	2012	18,903	18,903
<b>Total Improving Teacher Quality State Grants</b>			<u>18,903</u>	<u>19,042</u>
Education Jobs Fund	84.410	2012	163,759	163,759
<b>Total U.S. Department of Education</b>			<u>418,124</u>	<u>401,347</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 600,236</u>	<u>\$ 583,459</u>

**Notes to the Schedule of Receipts and Expenditures of Federal Awards:**

- (A) OAKS did not assign pass-through numbers for fiscal year 2012.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (D) Included as part of "Child Nutrition Grant Cluster" in determining major programs.
- (E) Commingled with state and local revenue from sales of breakfast and lunches; assumed expenditures were made on a first-in, first-out basis.
- (F) Included as part of "Title I Grant Cluster" in determining major programs.
- (G) Included as part of "Special Education Grant Cluster" in determining major programs.



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

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

**Independent Accountants' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Required by *Government Auditing Standards***

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Buckeye Central Local School District, Crawford County, Ohio, as of and for the fiscal year ended June 30, 2012, which collectively comprise Buckeye Central Local School District's basic financial statements and have issued our report thereon dated November 21, 2012. As disclosed in Note 3.C., the Buckeye Central Local School District has reported a prior period adjustment to net assets to properly state capital assets and accumulated depreciation at June 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses, that we consider a significant deficiency in internal control over financial reporting. We consider finding 2012-BCLSD-001 to be a significant deficiency. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Board of Education  
Buckeye Central Local School District

Compliance and Other Matters

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

The Buckeye Central Local School District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Buckeye Central Local School District's response and, accordingly, we express no opinion on it.

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



Julian & Grube, Inc.  
November 21, 2012





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

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

### **Independent Accountants' Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133**

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

To the Board of Education:

#### Compliance

We have audited the compliance of the Buckeye Central Local School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Buckeye Central Local School District's major federal program for the fiscal year ended June 30, 2012. The summary of auditor's results section of the accompanying schedule of findings and responses identifies the Buckeye Central Local School District's major federal program. The Buckeye Central Local School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to opine on the Buckeye Central Local School District's compliance based on our audit.

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

In our opinion, the Buckeye Central Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2012.

#### Internal Control Over Compliance

The Buckeye Central Local School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Buckeye Central Local School District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Buckeye Central Local School District's internal control over compliance.

Board of Education  
Buckeye Central Local School District

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

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

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

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

Julian & Grube, Inc.  
November 21, 2012

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

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2012**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Education Jobs Fund, CFDA #84.410
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2012**

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

Finding Number	2012-BCLSD-001
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Significant Deficiency - Financial Statement Presentation

The presentation of materially correct financial statements and the related footnotes, specifically capital assets and related accumulated depreciation and depreciation expense is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason.

The District had a prior period restatement to its capital assets, net assets and related accumulated depreciation. The District contracted and received an independent appraisal report for their capital assets. This was a proactive step by the District after a significant building project. This proactive step was to help ensure all capital assets owned by the District are accounted for and included in their financial report.

This reappraisal corrected understated capital assets in the amount of \$1,753,842, overstated accumulated depreciation in the amount of \$514,992 and understated net assets in the amount of \$2,268,834.

We recommend the District continue to annually update its new appraisal report and consider obtaining re-appraisals at a minimum of every five years. This will help ensure continual accuracy of the District's capital assets.

*Client Response:* Presenting accurate financial statements is extremely important to the management and Board of Education of the District. The District was involved in a building project in fiscal 2010. Upon completion of the project, the District took a proactive step in obtaining a complete reappraisal during fiscal 2011-2012, which will be accurately updated on an annual basis. The District does not foresee any errors in the future.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



# Dave Yost • Auditor of State

BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT

CRAWFORD COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JANUARY 22, 2013