

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

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

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2004***

NANCY ACKERMAN, TREASURER



**Auditor of State
Betty Montgomery**

Board of Education
Buckeye Central Local School District
New Washington, Ohio

We have reviewed the Independent Auditor's Report of the Buckeye Central Local School District, Crawford County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 2003 through June 30, 2004. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

December 21, 2004

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

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TRIMBLE, JULIAN & GRUBE, INC.

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Independent Auditor’s Report

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

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Buckeye Central Local School District, Crawford County, Ohio, (the “District”), as of and for the fiscal year ended June 30, 2004, which collectively comprise the District’s basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Buckeye Central Local School District’s management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Buckeye Central Local School District, Crawford County, as of June 30, 2004, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 3 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments, GASB Statement No. 37, Basic Financial Statements for State and Local Governments: Omnibus, GASB Statement No. 38, Certain Financial Statement Note Disclosures GASB Interpretation No. 6 Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, and GASB Statement No. 41, Budgetary Comparison Schedule - Perspective Differences for the fiscal year ended June 30, 2004. In addition, the District had a change in accounting principle for its threshold for capital assets, as disclosed in Note 2(H.) and prior period adjustments due to errors and omissions in conjunction with an appraisal being performed as disclosed in Note 9.A.

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Independent Auditor's Report
Buckeye Central Local School District

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
October 22, 2004

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED**

The management's discussion and analysis of the Buckeye Central Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2004. 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 2004 are as follows:

- In total, net assets of governmental activities increased \$89,991 which represents a 2.56% increase from 2003.
- General revenues accounted for \$5,694,630 in revenue or 88.65% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$729,092 or 11.35% of total revenues of \$6,423,722.
- The District had \$6,333,731 in expenses related to governmental activities; \$729,092 of these expenses were 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 \$5,694,630 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$5,692,830 in revenues, \$5,513,820 in expenditures and \$25,000 in transfers out. During fiscal year 2004, the general fund's fund balance increased \$154,010 from \$1,254,074 to \$1,408,084.

Using these Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2004?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
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These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Fiduciary Funds

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-46 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole. This is the first year for government-wide financial statements using the full accrual basis of accounting; therefore a comparison with prior years is not available. A comparative analysis will be provided in future years when prior year information is available.

The table below provides a summary of the District's net assets for 2004.

	Net Assets
	Governmental Activities 2004
<u>Assets</u>	
Current and other assets	\$ 4,710,565
Capital assets	2,318,708
Total assets	7,029,273
<u>Liabilities</u>	
Current liabilities	3,083,747
Long-term liabilities	335,225
Total liabilities	3,418,972
<u>Net Assets</u>	
Invested in capital assets, net of related debt	2,269,037
Restricted	122,670
Unrestricted	1,218,594
Total net assets	\$ 3,610,301

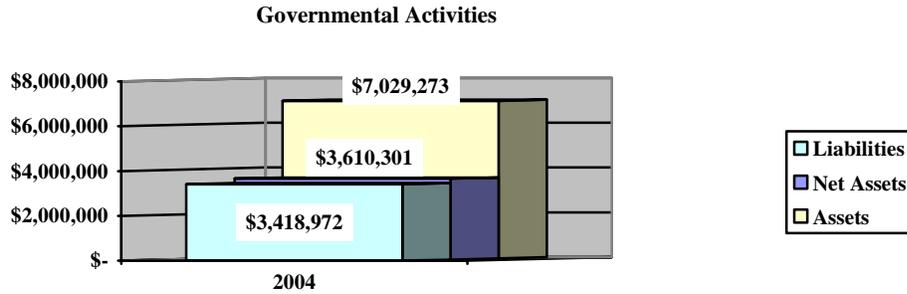
Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2004, the District's assets exceeded liabilities by \$3,610,301. Of this total, \$1,218,594 is unrestricted in use.

At year-end, capital assets represented 33.00% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and construction in progress. Capital assets, net of related debt to acquire the assets at June 30, 2004, was \$2,269,037. 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, \$122,670, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$1,218,594 may be used to meet the District's ongoing obligations to the students and creditors. The table below illustrates the District's assets, liabilities and net assets at June 30, 2004:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
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The table below shows the change in net assets for fiscal year 2004. Since this is the first year the District has prepared government-wide financial statements using the full accrual basis of accounting, revenue and expense comparisons to fiscal year 2003 are not available. A comparative analysis will be provided in future years when prior year information is available.

Change in Net Assets

	Governmental Activities <u>2004</u>
<u>Revenues</u>	
Program revenues:	
Charges for services and sales	\$ 284,152
Operating grants and contributions	430,365
Capital grants and contributions	14,575
General revenues:	
Property taxes	1,509,683
School district income tax	1,128,170
Grants and entitlements	3,000,564
Investment earnings	22,546
Miscellaneous	<u>33,667</u>
 Total revenues	 <u>6,423,722</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
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Change in Net Assets

	Governmental Activities <u>2004</u>
<u>Expenses</u>	
Program expenses:	
Instruction:	
Regular	\$ 2,810,741
Special	526,263
Vocational	67,633
Other	69,705
Support services:	
Pupil	130,138
Instructional staff	199,631
Board of education	23,928
Administration	737,282
Fiscal	194,256
Business	13,023
Operations and maintenance	523,500
Pupil transportation	363,934
Central	4,998
Food service operations	252,229
Operations of non-instructional services	156,057
Extracurricular activities	255,342
Interest and fiscal charges	<u>5,071</u>
Total expenses	<u>6,333,731</u>
Increase in net assets	<u>\$ 89,991</u>

Governmental Activities

Net assets of the District's governmental activities increased by \$89,991. Total governmental expenses of \$6,333,731 were offset by program revenues of \$729,092 and general revenues of \$5,694,630. Program revenues supported 11.51% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from taxes, and grants and entitlements. These revenue sources represent 87.77% of total governmental revenue.

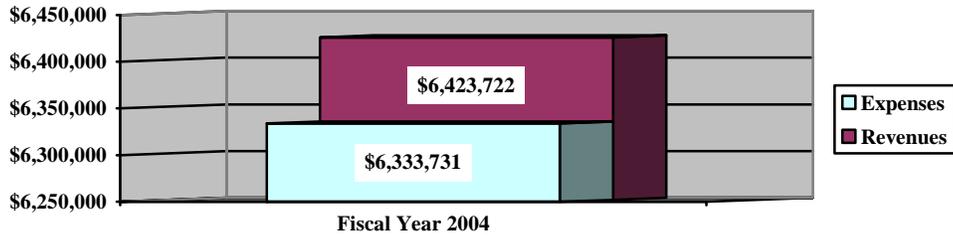
The largest expense of the District is for instructional programs. Instruction expenses totaled \$3,474,342 or 54.85% of total governmental expenses for fiscal 2004.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

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

Governmental Activities - Revenues and Expenses



The Statement of Activities shows the cost of program services and the charges for services and sales and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. Comparisons to 2003 have not been presented since they are not available.

Governmental Activities

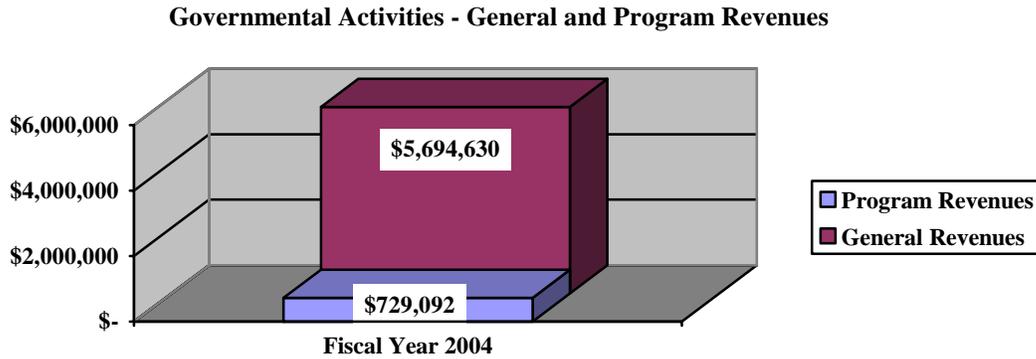
	Total Cost of Services 2004	Net Cost of Services 2004
Program expenses		
Instruction:		
Regular	\$ 2,810,741	\$ 2,744,754
Special	526,263	380,051
Vocational	67,633	67,633
Other	69,705	69,705
Support services:		
Pupil	130,138	115,784
Instructional staff	199,631	157,368
Board of education	23,928	23,928
Administration	737,282	737,282
Fiscal	194,256	193,290
Business	13,023	13,023
Operations and maintenance	523,500	523,500
Pupil transportation	363,934	363,934
Central	4,998	(2)
Operations of non-instructional services	156,057	62,987
Food service operations	252,229	(3,191)
Extracurricular activities	255,342	149,522
Interest and fiscal charges	5,071	5,071
Total expenses	<u>\$ 6,333,731</u>	<u>\$ 5,604,639</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
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The dependence upon tax and other general revenues for governmental activities is apparent, 93.89% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 88.65%. The District's taxpayers, as a whole, are by far the primary support for District's students.

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



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$1,633,053, which is lower than last year's total of \$1,845,744. The June 30, 2003 fund balances have been restated as described in Note 3.A to the basic financial statements. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2004 and 2003.

	Fund Balance <u>June 30, 2004</u>	(Restated) Fund Balance <u>June 30, 2003</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
General	\$ 1,408,084	\$ 1,254,074	\$ 154,010	12.28 %
Other Governmental	<u>224,969</u>	<u>591,670</u>	<u>(366,701)</u>	(61.98) %
Total	<u>\$ 1,633,053</u>	<u>\$ 1,845,744</u>	<u>\$ (212,691)</u>	(11.52) %

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

General Fund

The District's general fund, fund balance increased by \$154,010 (after a restatement to the June 30, 2003, fund balance which is detailed in Note 3.A to the basic financial statements). Revenues exceeded expenditures for fiscal year 2004 by \$179,010. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2004</u> <u>Amount</u>	<u>2003</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 2,628,609	\$ 2,498,028	\$ 130,581	5.23 %
Earnings on investments	22,502	28,072	(5,570)	(19.84) %
Intergovernmental	3,000,322	2,660,221	340,101	12.78 %
Other revenues	<u>41,397</u>	<u>59,489</u>	<u>(18,092)</u>	(30.41) %
 Total	 <u>\$ 5,692,830</u>	 <u>\$ 5,245,810</u>	 <u>\$ 447,020</u>	 8.52 %
<u>Expenditures</u>				
Instruction	\$ 3,161,439	\$ 2,820,840	\$ 340,599	12.07 %
Support services	2,086,716	1,828,841	257,875	14.10 %
Non-instructional services	48,967	44,908	4,059	9.04 %
Extracurricular activities	153,107	133,907	19,200	14.34 %
Facilities acquisition and construction	35,999	15,178	20,821	137.18 %
Capital outlay	-	73,403	(73,403)	(100.00) %
Debt service	<u>27,592</u>	<u>31,095</u>	<u>(3,503)</u>	(11.27) %
 Total	 <u>\$ 5,513,820</u>	 <u>\$ 4,948,172</u>	 <u>\$ 565,648</u>	 11.43 %

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 2004, the District amended its general fund budget several times. For the general fund, original budgeted revenues were \$5,567,325 and final budgeted revenues were \$5,631,536. Actual revenues for fiscal year 2004 was \$5,681,324. This represents a \$113,999 increase over original budgeted revenues.

General fund original appropriations and other financing uses totaled \$5,393,854 and final appropriations and other financing uses totaled \$5,708,065. The actual budget basis expenditures and other financing uses for fiscal year 2004 totaled \$5,641,492, which is lower than the final budget appropriation by \$66,573.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2004, the District had \$2,318,708 invested in land, and improvements, buildings and improvements, furniture and equipment, vehicles and construction in progress. This entire amount is reported in governmental activities. The following table shows fiscal year 2004 balances compared to 2003:

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

	Governmental Activities	
	2004	(Restated) 2003
Land	\$ 456,136	\$ 96,584
Land improvements	106,152	115,160
Building and improvements	1,467,944	1,565,199
Furniture and equipment	71,248	89,834
Vehicles	183,803	158,975
Construction in progress	33,425	-
Total	\$ 2,318,708	\$ 2,025,752

The overall increase in capital assets of \$292,956 is due to capital outlays of \$455,057 exceeding depreciation expense of \$162,101 in the fiscal year. The increase in capital outlay is a result of a purchase of land.

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

Debt Administration

At June 30, 2004, the District had \$49,671 in capital leases outstanding. Of this total, \$14,353 is due within one year and \$35,318 is due within greater than one year.

At June 30, 2004, the District's overall legal debt margin was \$4,887,805, and an unvoted debt margin of \$54,309.

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

Current Financial Related Activities

Overall, the District is financially sound. However, the five-year forecast shows some financial concern in FY08. The challenge for the District is to continue to provide the resources necessary to meet student needs and be able to stay within the five-year forecast. The five-year forecast is utilized to effectively and efficiently manage the Districts resources to the fullest.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED**

The District relies heavily on an income tax that was passed in November of 1989. The school has not asked for additional funds since that time. The District also relies on the State for approximately 50% of General Fund revenue. The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational system. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. At this time, the District is unable to determine what effect, if any, this decision will have on its future funding.

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

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

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

Contacting the District's Financial Management

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

**BASIC
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS
JUNE 30, 2004

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 1,323,664
Cash in segregated account	750
Receivables:	
Taxes	3,322,965
Accounts	1,879
Accrued interest	995
Due from other governments.	15,486
Due from other funds.	13,500
Prepayments	18,062
Materials and supplies inventory	13,264
Capital assets:	
Land	456,136
Construction in progress.	33,425
Depreciable capital assets, net	1,829,147
Capital assets, net.	<u>2,318,708</u>
 Total assets.	 <u>7,029,273</u>
Liabilities:	
Accounts payable.	12,240
Accrued wages and benefits	486,029
Pension obligation payable.	139,105
Due to other governments	18,850
Deferred revenue	2,426,773
Matured interest payable	750
Long-term liabilities:	
Due within one year.	42,154
Due within more than one year	293,071
Total liabilities	<u>3,418,972</u>
Net Assets:	
Invested in capital assets, net of related debt.	2,269,037
Restricted for:	
Capital projects	91,185
Other purposes	31,485
Unrestricted.	<u>1,218,594</u>
Total net assets	<u>\$ 3,610,301</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u> <u>Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Revenue and</u> <u>Changes in</u> <u>Net Assets</u>
					<u>Governmental</u> <u>Activities</u>
Governmental activities:					
Instruction:					
Regular	\$ 2,810,741	\$ 7,643	\$ 43,769	\$ 14,575	\$ (2,744,754)
Special	526,263	-	146,212	-	(380,051)
Vocational	67,633	-	-	-	(67,633)
Other	69,705	-	-	-	(69,705)
Support services:					
Pupil	130,138	-	14,354	-	(115,784)
Instructional staff	199,631	-	42,263	-	(157,368)
Board of education	23,928	-	-	-	(23,928)
Administration	737,282	-	-	-	(737,282)
Fiscal	194,256	-	966	-	(193,290)
Business	13,023	-	-	-	(13,023)
Operations and maintenance	523,500	-	-	-	(523,500)
Pupil transportation	363,934	-	-	-	(363,934)
Central	4,998	-	5,000	-	2
Operation of non-instructional services:					
Food service operations	252,229	170,689	84,731	-	3,191
Other non-instructional services	156,057	-	93,070	-	(62,987)
Extracurricular activities	255,342	105,820	-	-	(149,522)
Interest and fiscal charges	5,071	-	-	-	(5,071)
Total governmental activities	\$ 6,333,731	\$ 284,152	\$ 430,365	\$ 14,575	(5,604,639)

General Revenues:

Property taxes levied for:	
General purposes	1,509,683
School district income tax	1,128,170
Grants and entitlements not restricted to specific programs	3,000,564
Investment earnings	22,546
Miscellaneous	33,667
Total general revenues	5,694,630
Change in net assets	89,991
Net assets at beginning of year	3,520,310
Net assets at end of year	\$ 3,610,301

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 1,085,088	\$ 238,576	\$ 1,323,664
Cash in segregated accounts.	-	750	750
Receivables:			
Taxes.	3,322,965	-	3,322,965
Accounts	289	1,590	1,879
Accrued interest	995	-	995
Due from other governments	-	15,486	15,486
Due from other funds.	13,500	-	13,500
Prepayments.	18,062	-	18,062
Materials and supplies inventory	6,344	6,920	13,264
 Total assets	 \$ 4,447,243	 \$ 263,322	 \$ 4,710,565
Liabilities:			
Accounts payable	\$ 10,751	\$ 1,489	\$ 12,240
Accrued wages and benefits	459,859	26,170	486,029
Pension obligation payable.	80,502	2,094	82,596
Due to other governments	11,000	7,850	18,850
Matured interest payable	-	750	750
Deferred revenue.	2,477,047	-	2,477,047
Total liabilities	3,039,159	38,353	3,077,512
Fund Balances:			
Reserved for encumbrances	115,754	39,896	155,650
Reserved for materials and supplies inventory.	6,344	6,920	13,264
Reserved for prepayments	18,062	-	18,062
Reserved for property tax unavailable for appropriation	433,255	-	433,255
Unreserved, undesignated, reported in:			
General fund	834,669	-	834,669
Special revenue funds.	-	120,393	120,393
Capital projects funds.	-	57,760	57,760
Total fund balances	1,408,084	224,969	1,633,053
 Total liabilities and fund balances	 \$ 4,447,243	 \$ 263,322	 \$ 4,710,565

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, 2004

Total governmental fund balances		\$ 1,633,053
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		2,318,708
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes		50,274
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(285,554)	
Pension obligation payable	(56,509)	
Capital lease obligation	(49,671)	
Total		(391,734)
Net assets of governmental activities		\$ 3,610,301

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, 2004

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
From local sources:			
Taxes	\$ 2,628,609	\$ -	\$ 2,628,609
Charges for services.	-	170,224	170,224
Earnings on investments.	22,502	509	23,011
Extracurricular.	-	105,820	105,820
Classroom materials and fees	7,488	155	7,643
Other local revenues.	33,667	-	33,667
Intergovernmental - state	3,000,322	152,890	3,153,212
Intergovernmental - federal	242	292,050	292,292
Total revenues	5,692,830	721,648	6,414,478
Expenditures:			
Current:			
Instruction:			
Regular	2,647,340	69,975	2,717,315
Special.	376,761	146,599	523,360
Vocational.	67,633	-	67,633
Other.	69,705	-	69,705
Support services:			
Pupil.	113,125	14,355	127,480
Instructional staff	148,708	45,981	194,689
Board of education	23,928	-	23,928
Administration.	733,112	-	733,112
Fiscal	191,507	967	192,474
Business	13,023	-	13,023
Operations and maintenance.	480,195	-	480,195
Pupil transportation	383,118	-	383,118
Central.	-	4,998	4,998
Food service operations	-	245,897	245,897
Other non-instructional services.	48,967	103,356	152,323
Extracurricular activities.	153,107	85,549	238,656
Facilities acquisition and construction	35,999	395,672	431,671
Debt service:			
Principal retirement	22,521	-	22,521
Interest and fiscal charges	5,071	-	5,071
Total expenditures	5,513,820	1,113,349	6,627,169
Excess of revenues over/(under) expenditures	179,010	(391,701)	(212,691)
Other financing sources (uses):			
Transfers in	-	25,000	25,000
Transfers (out).	(25,000)	-	(25,000)
Total other financing sources (uses)	(25,000)	25,000	-
Net change in fund balances	154,010	(366,701)	(212,691)
Fund balances at beginning of year (restated)			
	1,254,074	591,670	1,845,744
Fund balances at end of year.	\$ 1,408,084	\$ 224,969	\$ 1,633,053

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, 2004

Net change in fund balances - total governmental funds \$ (212,691)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.	292,956
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	9,244
Principal payment on capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	22,521
Some expenses reported in the statement of activities, such as compensated absences and pension obligations, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(22,039)</u>
Change in net assets of governmental activities	<u><u>\$ 89,991</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 2,548,239	\$ 2,577,630	\$ 2,617,095	\$ 39,465
Earnings on investments.	20,850	21,090	22,628	1,538
Classroom materials and fees	5,932	6,000	7,488	1,488
Other local revenues	33,118	33,500	33,549	49
Intergovernmental - state	2,959,186	2,993,316	3,000,322	7,006
Intergovernmental - federal.	-	-	242	242
Total revenue	<u>5,567,325</u>	<u>5,631,536</u>	<u>5,681,324</u>	<u>49,788</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,544,250	2,692,460	2,678,032	14,428
Special.	357,570	378,400	368,413	9,987
Vocational.	65,769	69,600	67,196	2,404
Other.	65,868	69,705	69,705	-
Support services:				
Pupil.	108,764	115,100	111,312	3,788
Instructional staff	141,743	150,000	146,411	3,589
Board of education	21,143	22,375	22,273	102
Administration.	725,143	767,385	762,627	4,758
Fiscal	166,123	175,800	192,900	(17,100)
Business	46,397	49,100	36,057	13,043
Operations and maintenance.	480,015	507,978	501,265	6,713
Pupil transportation	389,351	412,032	407,028	5,004
Operation of non-instructional services	46,586	49,300	49,067	233
Extracurricular activities.	159,536	168,830	153,097	15,733
Facilities acquisition and construction.	51,972	55,000	51,109	3,891
Total expenditures	<u>5,370,230</u>	<u>5,683,065</u>	<u>5,616,492</u>	<u>66,573</u>
Excess of revenues over (under) expenditures.	<u>197,095</u>	<u>(51,529)</u>	<u>64,832</u>	<u>116,361</u>
Other financing uses:				
Transfers out.	(23,624)	(25,000)	(25,000)	-
Total other financing uses.	<u>(23,624)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balance	173,471	(76,529)	39,832	116,361
Fund balance at beginning of year.	813,257	813,257	813,257	-
Prior year encumbrances appropriated	115,247	115,247	115,247	-
Fund balance at end of year	<u>\$ 1,101,975</u>	<u>\$ 851,975</u>	<u>\$ 968,336</u>	<u>\$ 116,361</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, 2004

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ -	\$ 16,748
Investments	181,463	-
Receivables:		
Accrued interest	153	-
Total assets	181,616	\$ 16,748
Liabilities:		
Accounts payable	-	\$ 31
Due to other funds	13,500	-
Due to students	-	16,717
Total liabilities	13,500	\$ 16,748
Net Assets:		
Held in trust for scholarships	168,116	
Total net assets	\$ 168,116	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Private Purpose Trust
	Scholarship
Additions:	
Interest	\$ 8,867
Total additions.	8,867
Deductions:	
Scholarships awarded	6,751
Change in net assets	2,116
Net assets at beginning of year.	166,000
Net assets at end of year	\$ 168,116

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, 2004**

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 567th largest by total enrollment among the 613 public school districts in the state, and 6th largest in Crawford County. The District employed 60 certificated employees and 41 non-certificated employees who provide services to 697 students.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

PUBLIC ENTITY RISK POOLS

Wyandot Crawford Health Benefit Plan

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association (NOECA)

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

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

D. Basis of Accounting

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

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

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

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

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

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operation, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

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

E. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds (except Agency funds). The specific timetable for fiscal year 2004 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Crawford County Budget Commission for tax rate determination.
3. Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement, reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2004.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund, function and object must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2004.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

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

During fiscal year 2004, investments were limited to State Treasury Asset Reserve (STAR Ohio) and non-negotiable certificates of deposit. Investments are stated at cost except for investments in STAR Ohio which are reported at fair value. Fair value is based on quoted market prices.

The District has invested funds in STAR Ohio during fiscal year 2004. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2004.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund and the private purpose trust funds. Interest revenue credited to the general fund during fiscal year 2004 amounted to \$22,502, which includes \$8,096 assigned from other funds.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

G. Inventory

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

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. During fiscal year 2004, the District increased its capitalization threshold from \$150 to \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

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

I. Interfund Balances

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

J. Compensated Absences

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2004, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2004, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance Reserves

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

M. Net Assets

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

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

N. Prepayments

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

O. Estimates

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

P. Interfund Activity

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

Q. Parochial School

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2004.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Changes in Accounting Principles and Restatement of Fund Balance

For fiscal year 2004, the District has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedule - Perspective Differences", and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements". At June 30, 2003, there was no effect on fund balance as a result of implementing GASB Statements Nos. 37, 38 and 41.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the Management Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38, modifies, establishes and rescinds certain financial statement note disclosures.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the school district not being able to present budgetary comparison for the general and each major special revenue fund.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

The government-wide financial statements show the District's programs for governmental activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2003, caused by the conversion to the accrual basis of accounting.

In addition to implementing GASB Statement No. 34, the District switched from the purchase method to the consumption method of accounting for inventory of materials and supplies. This change in accounting principle had no effect on fund balance at June 30, 2003.

Governmental Activities - Fund Reclassification and Restatement of Fund Balance - Certain funds have been reclassified to properly reflect their intended purpose in accordance with the Standards of GASB Statement No. 34. It was also determined that GASB Interpretation No. 6 had an effect on fund balance as previously reported at June 30, 2003.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The fund reclassifications and the implementation of GASB Interpretation No. 6 had the following effect on the District's governmental fund balances as previously reported:

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Fund balance June 30, 2003	\$ 1,237,850	\$ 570,266	\$ 1,808,116
Fund reclassifications	-	21,404	21,404
Implementation of GASB Interpretation No. 6	16,224	-	16,224
Restated fund balance, June 30, 2003	<u>\$ 1,254,074</u>	<u>\$ 591,670</u>	<u>\$ 1,845,744</u>

The transition from governmental fund balance to net assets of the governmental activities is presented as follows:

	<u>Total</u>
Restated fund balance, June 30, 2003	\$ 1,845,744
GASB 34 adjustments:	
Long-term (deferred) assets	41,030
Capital assets	2,025,752
Pension obligation	(51,999)
Long-term liabilities	(340,217)
Governmental activities net assets, June 30, 2003	<u>\$ 3,520,310</u>

B. Deficit Fund Balances

Fund balances at June 30, 2004 included the following individual fund deficits:

	<u>Deficit</u>
<u>Nonmajor Funds</u>	
Teacher Development	\$ 1
EMIS	8
SchoolNet Professional Development	3
Intervention	7
Special Education, Part B-IDEA	19
Title I	77
Drug-Free Schools	1
Improving Teacher Quality	22

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of 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 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 accounts, including passbook accounts.

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

Interim monies 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 or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not the exceed 25% of the interim monies available for investment at any one time; and

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

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

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

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

Cash in Segregated Accounts: At fiscal year end \$750 was on deposit in the District's debt service clearance account and included in the total amount of deposits reported below; however this amount is not part of the internal cash pool reported on the balance sheet and statement of net assets as "Cash in Segregated Account". The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year-end, the carrying amount of the District's deposits was \$1,403,083 and the bank balance was \$1,543,598. Of the bank balance:

1. \$122,867 was covered by federal depository insurance deposited with the District; and
2. \$1,420,731 was uninsured and unregistered as defined by GASB although it was secured by collateral held by third party trustees, pursuant to section 135.181 Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

Collateral is required for demand deposits and certificates of deposit in excess of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of the other states. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

Investments: The District's investments are categorized below to give an indication of the level of custodial credit risk assumed by the entity at fiscal year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the District's name. Investments in STAR Ohio are not categorized as they are not evidenced by securities that exist in physical or book entry form.

The District has investments of \$119,462 in STAR Ohio at June 30, 2004. STAR Ohio is not categorized because it is not evidenced by securities that exist in physical or book entry form.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

The classification of cash and cash equivalents and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the basic financial statements and the classification per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 1,340,412	\$ 181,463
Investments of the cash management pool:		
Investment in STAR Ohio	(119,462)	119,462
CD with maturity over 90 days	181,463	(181,463)
Cash in segregated account	750	-
Cash on hand	<u>(80)</u>	<u>-</u>
GASB Statement No. 3	<u>\$ 1,403,083</u>	<u>\$ 119,462</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2004, consisted of the following, as reported on the fund financial statements:

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

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed value listed as of January 1, 2003, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien December 31, 2002, were levied after April 1, 2003 and are collected in 2004 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 6 - PROPERTY TAXES - (Continued)

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

The District receives property taxes from Richland, Crawford, Seneca and Huron Counties. The respective County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2004 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2004 was \$433,255 in the general fund. This amount has been recorded as revenue. The amount available as an advance at June 30, 2003 was \$474,638 in the general fund.

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

The assessed values upon which the fiscal year 2004 taxes were collected are:

	2003 Second Half Collections		2004 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 46,603,230	87.04	\$ 47,368,640	87.22
Public utility personal	3,215,630	6.01	3,221,330	5.93
Tangible personal property	<u>3,718,979</u>	<u>6.95</u>	<u>3,718,979</u>	<u>6.85</u>
Total	<u>\$ 53,537,839</u>	<u>100.00</u>	<u>\$ 54,308,949</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 45.00		\$ 45.00	

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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 2004 was \$1,128,170.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2004 consisted of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements and accrued interest. 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	\$ 3,322,965
Accounts	1,879
Due from other governments	15,486
Due from other funds	13,500
Accrued interest	<u>995</u>
Total	<u><u>\$ 3,354,825</u></u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 9 - CAPITAL ASSETS

- A. The capital asset balances of the governmental activities have been restated due to fund reclassifications, changes in the District's capital asset policy, (See Note 2.H. for detail), a reappraisal and the depreciation of capital assets in accordance with GASB Statement No. 34:

	<u>Balance</u> <u>6/30/03</u>	<u>Adjustments</u>	<u>Restated</u> <u>Balance</u> <u>6/30/03</u>
Governmental Activities:			
Capital assets, not being depreciated:			
Land	\$ 104,416	\$ (7,832)	\$ 96,584
Total capital assets, not being depreciated	<u>104,416</u>	<u>(7,832)</u>	<u>96,584</u>
Capital assets, being depreciated:			
Land improvements	90,490	360,632	451,122
Buildings and building improvements	6,563,618	(1,405,185)	5,158,433
Furniture and equipment	1,950,477	(1,761,529)	188,948
Vehicles	726,306	(78,958)	647,348
Total capital assets, being depreciated	<u>9,330,891</u>	<u>(2,885,040)</u>	<u>6,445,851</u>
<i>Less: accumulated depreciation:</i>	<u>-</u>	<u>(4,516,683)</u>	<u>(4,516,683)</u>
Governmental activities capital assets, net	<u>\$ 9,435,307</u>	<u>\$ (7,409,555)</u>	<u>\$ 2,025,752</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 9 - CAPITAL ASSETS - (Continued)

B. Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	Restated Balance <u>06/30/03</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/04</u>
Governmental Activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 96,584	\$ 359,552	\$ -	\$ 456,136
Construction-in-progress	<u>-</u>	<u>33,425</u>	<u>-</u>	<u>33,425</u>
Total capital assets, not being depreciated	<u>96,584</u>	<u>392,977</u>	<u>-</u>	<u>489,561</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	451,122	-	-	451,122
Buildings and improvements	5,158,433	-	-	5,158,433
Furniture and equipment	188,948	-	-	188,948
Vehicles	<u>647,348</u>	<u>62,080</u>	<u>-</u>	<u>709,428</u>
Total capital assets, being depreciated	<u>6,445,851</u>	<u>62,080</u>	<u>-</u>	<u>6,507,931</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(335,962)	(9,008)	-	(344,970)
Buildings and improvements	(3,593,234)	(97,255)	-	(3,690,489)
Furniture and equipment	(99,114)	(18,586)	-	(117,700)
Vehicles	<u>(488,373)</u>	<u>(37,252)</u>	<u>-</u>	<u>(525,625)</u>
Total accumulated depreciation	<u>(4,516,683)</u>	<u>(162,101)</u>	<u>-</u>	<u>(4,678,784)</u>
Governmental activities capital assets, net	<u>\$ 2,025,752</u>	<u>\$ 292,956</u>	<u>\$ -</u>	<u>\$ 2,318,708</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular \$ 94,487

Support Services:

Pupil	5,308
Instructional staff	5,179
Administration	1,166
Operations and maintenance	117
Pupil transportation	38,098
Extracurricular activities	16,598
Food service operations	<u>1,148</u>

Total depreciation expense \$ 162,101

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE

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

Capital assets consisting of equipment have been capitalized in the amount of \$73,403. This amount represents the present value of the future minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2004 totaled \$22,521 paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2004:

<u>Fiscal Year Ending June 30.</u>	<u>Amount</u>
2005	\$ 17,808
2006	17,808
2007	17,808
2008	<u>2,968</u>
Total minimum lease payments	56,392
Less amount representing interest	<u>(6,721)</u>
Total	<u>\$ 49,671</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 11 - LONG-TERM OBLIGATIONS

- A. The balance of the District's governmental activities long-term obligations at June 30, 2003 has been restated. The compensated absences liability increased \$28,973 from \$239,052 to \$268,025 due to the implementation of GASB Interpretation No. 6 and the fund reclassifications described in Note 3.A. Pension obligations of \$44,088 at June 30, 2003 are not reported as a component of governmental activities long-term obligations as they are paid within one year of fiscal year-end. Pension obligations are reported separately on the statement of net assets. The effect on the total governmental activities long-term obligations at July 1, 2003 was a decrease of \$15,115 from \$355,332 to \$340,217. During fiscal year 2004, the following changes occurred in governmental activities long-term obligations:

	Restated Balance <u>06/30/03</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>06/30/04</u>	Amounts Due in <u>One Year</u>
Compensated absences	\$ 268,025	\$ 43,248	\$ (25,719)	\$ 285,554	\$ 27,801
Capital lease obligation	<u>72,192</u>	<u>-</u>	<u>(22,521)</u>	<u>49,671</u>	<u>14,353</u>
Total	<u>\$ 340,217</u>	<u>\$ 43,248</u>	<u>\$ (48,240)</u>	<u>\$ 335,225</u>	<u>\$ 42,154</u>

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2004 are a voted debt margin of \$4,887,805 and an unvoted debt margin \$54,309.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

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

The District maintains property insurance with Marsh USA (OSIP) for real property and building contents. Real property and contents are insured for \$26,252,257. General liability is protected by the Marsh USA (OSIP), with a \$4,000,000 annual aggregate/\$2,000,000 single occurrence limit and \$4,000,000 excess liability coverage. The bus fleet is also covered by Marsh USA (OSIP).

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 12 - RISK MANAGEMENT - (Continued)

B. Employee Health Insurance

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

C. Workers' Compensation

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

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate of 14% for 2004, 9.09% was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$108,895, \$97,241, and \$79,734, respectively; 43.69% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$61,320, represents the unpaid contribution for fiscal year 2004.

B. State Teachers Retirement System

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The District's required contributions to STRS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$386,816, \$351,105, \$293,282, respectively; 83.93% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$62,156, represents the unpaid contribution for fiscal year 2004.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2004, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$27,630 during fiscal 2004.

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$2.8 billion at June 30, 2003 (the latest information available). For the fiscal year ended June 30, 2003 (the latest information available), net health care costs paid by STRS were \$352.301 million and STRS had 108,294 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 4.91% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$14,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2003 (the latest information available) were \$204.931 million and the target level was \$307.4 million. At June 30, 2003, (the latest information available) SERS had net assets available for payment of health care benefits of \$303.6 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$53,820 during the 2004 fiscal year.

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

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

Net Change in Fund Balance	
	<u>General Fund</u>
Budget basis	\$ 39,832
Net adjustment for revenue accruals	11,506
Net adjustment for expenditure accruals	(27,580)
Adjustment for encumbrances	<u>130,252</u>
GAAP basis	<u><u>\$ 154,010</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 16 - CONTINGENCIES

A. Grants

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

B. Litigation

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

C. State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the state's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". The District is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

NOTE 17 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2004, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside cash balance as of June 30, 2003	\$ (125,229)	\$ -
Current year set-aside requirement	96,060	96,060
Qualifying disbursements	<u>(97,985)</u>	<u>(392,977)</u>
Total	<u>\$ (127,154)</u>	<u>\$ (296,917)</u>
Cash balance carried forward to FY 2005	<u>\$ (127,154)</u>	<u>\$ -</u>

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

TRIMBLE, JULIAN & GRUBE, INC.

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

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

We have audited the financial statements of the governmental activities, its major fund, and the remaining aggregate fund information of the Buckeye Central Local School District as of and for the fiscal year ended June 30, 2004, which collectively comprise the Buckeye Central Local School District's basic financial statements and have issued our report thereon dated October 22, 2004. During the fiscal year ended June 30, 2004, the Buckeye Central Local School District implemented Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; GASB Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus; GASB Statement No. 38, Certain Financial Statement Note Disclosures; GASB Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, and GASB Statement No. 41, Budgetary Comparison Schedule - Perspective Differences. In addition, the District had a change in accounting principle for its threshold for capital assets, as disclosed in Note 2(H.) and prior period adjustments due to errors and omissions in conjunction with appraisal being performed as disclosed in Note 9.A. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Board of Education
Buckeye Central Local School District

Compliance and Other Matters

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

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

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
October 22, 2004



**Auditor of State
Betty Montgomery**

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**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 28, 2004**