



Dave Yost • Auditor of State



**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets .....	11
Statement of Activities.....	12
Balance Sheet – Governmental Funds .....	13
Reconciliation of Total Governmental Fund Balances To Net Assets of Governmental Activities.....	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	15
Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual – General Fund.....	17
Statement of Fiduciary Net Assets – Fiduciary Funds.....	18
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds .....	19
Notes to the Basic Financial Statements .....	21
Federal Awards Receipts and Expenditures Schedule.....	47
Notes to the Federal Award Receipts and Expenditures Schedule .....	48
Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Governmental Auditing Standards.....	49
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	51
Schedule of Findings .....	53

**THIS PAGE INTENTIONALLY LEFT BLANK.**



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Buckeye Local School District  
Jefferson County  
6899 State Highway Route 150  
Dillonvale, Ohio 43917

To the Board of Education:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Local School District, Jefferson County, Ohio, as of June 30, 2012, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

December 7, 2012

**Buckeye Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited

---

The discussion and analysis of the Buckeye Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for the fiscal year 2012 are as follows:

- Net assets of governmental activities decreased \$521,688, or approximately 6 percent.
- General revenues accounted for \$16,813,455 in revenue or 80 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$4,098,614 or 20 percent of total revenues of \$20,912,069.
- Total assets of governmental activities decreased \$1,572,799. Current assets decreased by \$1,258,600 primarily due to a decrease in cash and cash equivalents for operations and a decrease in cash and cash equivalents and property taxes receivable due to the bond issue being fully retired during fiscal year 2012. Capital assets decreased \$314,199 due primarily to depreciation expense which was offset slightly by capital asset additions.
- The School District had \$21,433,757 in expenses related to governmental activities; only \$4,098,614 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$16,813,455 were not adequate to provide for these programs.
- Total governmental funds had \$21,285,932 in revenues and other financing sources and \$22,042,872 in expenditures and other financing uses. The total governmental fund balances decreased \$756,940.

### **Using this Annual Financial Report**

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School 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 as the School District's most significant funds with all other non-major funds presented in total in one column.

**Buckeye Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited

---

***Reporting the School District as a Whole***

*Statement of Net Assets and Statement of Activities*

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2012?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School 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 School 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, all of the School District's activities are considered to be Governmental Activities.

- Governmental Activities – All of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services, bond service operations, and extracurricular activities.

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

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 7. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the General Fund.

***Governmental Funds*** Most of the School 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 fiscal 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 that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.



**Buckeye Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2012 compared to 2011.

**Table 1**  
**Net Assets**  
**Governmental Activities**

	<b>2012</b>	<b>2011</b>	<b>Change</b>
<b>Assets</b>			
Current and Other Assets	\$9,086,779	\$10,345,379	(\$1,258,600)
Capital Assets	9,261,465	9,575,664	(314,199)
<b>Total Assets</b>	<b>18,348,244</b>	<b>19,921,043</b>	<b>(1,572,799)</b>
<b>Liabilities</b>			
Long-Term Liabilities	1,334,868	2,091,549	(756,681)
Other Liabilities	8,576,556	8,870,986	(294,430)
<b>Total Liabilities</b>	<b>9,911,424</b>	<b>10,962,535</b>	<b>(1,051,111)</b>
<b>Net Assets</b>			
Invested in Capital Assets	9,234,744	8,830,667	404,077
Restricted	465,044	962,396	(497,352)
Unrestricted (Deficit)	(1,262,968)	(834,555)	(428,413)
<b>Total Net Assets</b>	<b>\$8,436,820</b>	<b>\$8,958,508</b>	<b>(\$521,688)</b>

Total assets of governmental activities decreased \$1,572,799. As indicated previously, current assets decreased by \$1,258,600 primarily due to a decrease in cash and cash equivalents for operations and a decrease in cash and cash equivalents and property taxes receivable due to the bond issue being fully retired during fiscal year 2012. Capital assets decreased \$314,199 due primarily to depreciation expense which was offset slightly by capital asset additions.

Long-Term liabilities decreased significantly due to the annual debt service payments on the general obligation bonds. Other liabilities decreased due to a decrease in matured severance payable and in deferred revenue related to property taxes.

The net effect of changes in assets and liabilities resulted in a \$521,688 decrease in total net assets of the School District's governmental activities.

**Buckeye Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited

Table 2 shows the changes in net assets for the fiscal year 2012 compared to fiscal year 2011.

	<b>Changes in Net Assets</b>		
	<b>Governmental Activities</b>		
	<b>2012</b>	<b>2011</b>	<b>Change</b>
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$599,846	\$947,435	(\$347,589)
Operating Grants and Contributions	3,498,768	4,869,289	(1,370,521)
<b>Total Program Revenues</b>	<b>4,098,614</b>	<b>5,816,724</b>	<b>(1,718,110)</b>
General Revenues			
Property Taxes	6,462,675	6,525,502	(62,827)
Grants and Entitlements not Restricted to Specific Programs	10,273,297	10,537,454	(264,157)
Others	77,483	116,717	(39,234)
<b>Total General Revenues</b>	<b>16,813,455</b>	<b>17,179,673</b>	<b>(366,218)</b>
<b>Total Revenues</b>	<b>20,912,069</b>	<b>22,996,397</b>	<b>(2,084,328)</b>
<b>Program Expenses</b>			
Instruction			
Regular	8,896,606	9,262,149	(365,543)
Special	2,676,541	2,556,657	119,884
Vocational	494,180	640,612	(146,432)
Student Intervention Services	122,717	153,437	(30,720)
Support Services			
Pupil	933,074	776,847	156,227
Instructional Staff	634,371	682,564	(48,193)
Board of Education	115,722	103,682	12,040
Administration	2,078,317	2,147,278	(68,961)
Fiscal	453,087	457,176	(4,089)
Business	57,664	55,197	2,467
Operation and Maintenance of Plant	2,124,444	2,144,428	(19,984)
Pupil Transportation	1,759,260	1,816,985	(57,725)
Operation of Non-Instructional Services	7,757	10,200	(2,443)
Food Service Operations	665,774	880,656	(214,882)
Extracurricular Activities	401,555	393,834	7,721
Interest and Fiscal Charges	12,688	40,003	(27,315)
<b>Total Expenses</b>	<b>21,433,757</b>	<b>22,121,705</b>	<b>(687,948)</b>
<b>Increase (Decrease) in Net Assets</b>	<b>(521,688)</b>	<b>874,692</b>	<b>(1,396,380)</b>
Net Assets Beginning of Year	8,958,508	8,083,816	874,692
<b>Net Assets End of Year</b>	<b>\$8,436,820</b>	<b>\$8,958,508</b>	<b>(\$521,688)</b>

In 2012, 31 percent of the School District's revenues were from property taxes and 49 percent were from unrestricted grants and entitlements. Program revenue operating grants and contributions decreased \$1,370,521 from the prior fiscal year. This decrease is due primarily to the School Districts loss of the American Recovery and Reinvestment Act funding and the Education Jobs Grant funds.

**Buckeye Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited

Instructional programs comprise approximately 57 percent of total governmental program expenses. Of the instructional expenses, approximately 73 percent is for regular instruction, 22 percent is for special instruction, 4 percent for vocational instruction, and one percent for student intervention. Instructional program expenses and total expenses decreased approximately 3 percent from the prior fiscal year.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2012 compared to fiscal year 2011. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

**Table 3**  
**Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011
Instruction				
Regular	\$8,896,606	\$9,262,149	\$8,155,958	\$6,943,403
Special	2,676,541	2,556,657	1,665,841	1,327,907
Vocational	494,180	640,612	326,446	618,799
Student Intervention Services	122,717	153,437	44,839	57,860
Support Services				
Pupil	933,074	776,847	609,584	480,180
Instructional Staff	634,371	682,564	349,787	339,696
Board of Education	115,722	103,682	115,722	103,682
Administration	2,078,317	2,147,278	1,592,869	1,819,168
Fiscal	453,087	457,176	349,667	249,073
Business	57,664	55,197	57,664	55,197
Operation and Maintenance of Plant	2,124,444	2,144,428	2,035,491	2,130,985
Pupil Transportation	1,759,260	1,816,985	1,724,587	1,786,141
Operation of Non-Instructional Services	7,757	10,200	250	102
Food Service Operations	665,774	880,656	43,456	112,150
Extracurricular Activities	401,555	393,834	250,294	240,635
Interest and Fiscal Charges	12,688	40,003	12,688	40,003
<b>Total Expenses</b>	<b>\$21,433,757</b>	<b>\$22,121,705</b>	<b>\$17,335,143</b>	<b>\$16,304,981</b>

The dependence upon tax revenues and state subsidies for governmental activities is apparent, as 81 percent of expenses are supported through taxes and other general revenues.

**The School District Funds**

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. The School District has one major fund, the General Fund. The General Fund had \$17,604,364 in revenues and \$17,760,364 in expenditures. Overall, including other financing sources and uses, the General Fund's balance decreased \$160,574.

**Buckeye Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited

***General Fund Budgeting Highlights***

The School 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 2012, the School District amended its General Fund appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were no significant differences between budget and actual expenditures.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2012, the School District had \$9,261,465 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. See Note 9 for more detailed information of the School District's capital assets.

**Table 4**  
**Capital Assets Net of Depreciation**

	Government Activities	
	2012	2011
Land	\$597,049	\$597,049
Land Improvements	177,057	174,569
Buildings and Improvements	7,886,714	8,199,916
Furniture and Equipment	213,567	158,023
Vehicles	387,078	446,107
Totals	\$9,261,465	\$9,575,664

***Debt***

At June 30, 2012, the School District had \$26,721 outstanding in capital leases with \$5,619 due within one year and the school improvement refunding bond issue was fully retired. See Note 15 for more detailed information on the School District's debt.

***Economic Factors***

During fiscal year 2012, eight teachers, one principal and five classified employees retired. These reductions were offset by the recall of 2 aides and 3 two hour cooks from the reduction in force list.

Public auctions were held during the fiscal year for Northwest Elementary, South Elementary and North Elementary building. The School Board rejected all bids and the properties were listed for sale. South Elementary was sold for \$21,500.

The School District entered into oil and gas lease agreement with Chesapeake Energy and title searches took place throughout the remainder of the fiscal year. At fiscal year end, no revenue was received.

**Buckeye Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited

---

On June 21, 2012, the Board agreed to have the School District participate in a HB 264 Project. The project will involve improvements at the Buckeye Local High School.

On June 25, 2012, the Board of Education passed a resolution to place a 2 mill Permanent Improvement Levy on the November 6, 2012 ballot.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Dana Garrison, Treasurer/CFO at Buckeye Local School District, 6899 State Route 150, Dillonvale, Ohio 43917.

**THIS PAGE INTENTIONALLY LEFT BLANK.**

**Buckeye Local School District**  
*Statement of Net Assets*  
*June 30, 2012*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,474,701
Cash and Cash Equivalents in Segregated Accounts	302,504
Intergovernmental Receivable	479,002
Investments	7,425
Prepaid Items	1,386
Materials and Supplies Inventory	54,752
Property Taxes Receivable	6,767,009
Non-Depreciable Capital Assets	597,049
Depreciable Capital Assets, Net	<u>8,664,416</u>
<i>Total Assets</i>	<u>18,348,244</u>
<b>Liabilities</b>	
Accounts Payable	22,301
Accrued Wages and Benefits Payable	1,801,299
Intergovernmental Payable	507,623
Matured Severance Payable	70,811
Deferred Revenue	6,174,522
Long-Term Liabilities:	
Due Within One Year	141,517
Due In More Than One Year	<u>1,193,351</u>
<i>Total Liabilities</i>	<u>9,911,424</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	9,234,744
Restricted for:	
Capital Outlay	65,863
Budget Stabilization	115,961
Bus Purchase	5,959
Federal Programs	174,767
Other Purposes	102,494
Unrestricted (Deficit)	<u>(1,262,968)</u>
<i>Total Net Assets</i>	<u><u>\$8,436,820</u></u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2012

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Instruction:				
Regular	\$8,896,606	\$329,346	\$411,302	(\$8,155,958)
Special	2,676,541	0	1,010,700	(1,665,841)
Vocational	494,180	0	167,734	(326,446)
Student Intervention Services	122,717	0	77,878	(44,839)
Support Services:				
Pupil	933,074	0	323,490	(609,584)
Instructional Staff	634,371	0	284,584	(349,787)
Board of Education	115,722	0	0	(115,722)
Administration	2,078,317	0	485,448	(1,592,869)
Fiscal	453,087	0	103,420	(349,667)
Business	57,664	0	0	(57,664)
Operation and Maintenance of Plant	2,124,444	2,875	86,078	(2,035,491)
Pupil Transportation	1,759,260	0	34,673	(1,724,587)
Operation of Non-Instructional Services	7,757	0	7,507	(250)
Food Service Operations	665,774	116,364	505,954	(43,456)
Extracurricular Activities	401,555	151,261	0	(250,294)
Interest and Fiscal Charges	12,688	0	0	(12,688)
<i>Total Governmental Activities</i>	<u>\$21,433,757</u>	<u>\$599,846</u>	<u>\$3,498,768</u>	<u>(\$17,335,143)</u>
<b>General Revenues</b>				
Property Taxes Levied for General Purposes				6,428,106
Property Taxes Levied for Debt Service				34,569
Grants and Entitlements not Restricted to Specific Programs				10,273,297
Investment Earnings				2,445
Gifts and Donations				44,020
Gain on Sale of Capital Assets				11,348
Miscellaneous				19,670
<i>Total General Revenues</i>				<u>16,813,455</u>
Change in Net Assets				(521,688)
<i>Net Assets Beginning of Year</i>				<u>8,958,508</u>
<i>Net Assets End of Year</i>				<u><u>\$8,436,820</u></u>

See accompanying notes to the basic financial statements



**Buckeye Local School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2012*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,162,731	\$190,050	\$1,352,781
Cash and Cash Equivalents in Segregated Accounts	302,504	0	302,504
Investments	0	7,425	7,425
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	121,920	0	121,920
Receivables:			
Property Taxes	6,767,009	0	6,767,009
Intergovernmental	42,730	436,272	479,002
Interfund	48,191	0	48,191
Prepaid Items	1,386	0	1,386
Materials and Supplies Inventory	52,815	1,937	54,752
<i>Total Assets</i>	<u>\$8,499,286</u>	<u>\$635,684</u>	<u>\$9,134,970</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$21,811	\$490	\$22,301
Accrued Wages and Benefits Payable	1,575,264	226,035	1,801,299
Matured Severance Payable	70,811	0	70,811
Interfund Payable	0	48,191	48,191
Intergovernmental Payable	452,723	54,900	507,623
Deferred Revenue	6,574,247	157,071	6,731,318
<i>Total Liabilities</i>	<u>8,694,856</u>	<u>486,687</u>	<u>9,181,543</u>
<b>Fund Balances (Deficit)</b>			
Nonspendable:			
Materials and Supplies Inventory	52,815	1,937	54,752
Prepaid Items	1,386	0	1,386
Restricted for:			
Bus Purchase	5,959	0	5,959
Budget Stabilization	115,961	0	115,961
Capital Projects	0	65,863	65,863
Federal Programs	0	27,411	27,411
Local Programs	0	102,494	102,494
Unassigned	(371,691)	(48,708)	(420,399)
<i>Total Fund Balances (Deficit)</i>	<u>(195,570)</u>	<u>148,997</u>	<u>(46,573)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$8,499,286</u>	<u>\$635,684</u>	<u>\$9,134,970</u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
*Reconciliation of Total Governmental Fund Balances  
to Net Assets of Governmental Activities  
June 30, 2012*

**Total Governmental Fund Balances** (\$46,573)

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

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds. 9,261,465

Other long-term assets are not available to pay for current-  
period expenditures and therefore are deferred in the funds:

Grants	157,071
Tuition and Fees	32,683
Property Taxes	<u>367,042</u>

Total 556,796

Long-term liabilities are not due and payable in the current period  
and therefore are not reported in the funds:

Capital Leases	26,721
Compensated Absences	<u>1,308,147</u>

Total (1,334,868)

*Net Assets of Governmental Activities* \$8,436,820

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2012*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$6,616,182	\$44,696	\$6,660,878
Intergovernmental	10,441,031	3,200,672	13,641,703
Interest	3,234	15	3,249
Tuition and Fees	463,268	4,592	467,860
Extracurricular Activities	33,650	117,611	151,261
Rent	2,875	0	2,875
Gifts and Donations	24,454	19,566	44,020
Charges for Services	0	116,364	116,364
Miscellaneous	19,670	0	19,670
<i>Total Revenues</i>	<u>17,604,364</u>	<u>3,503,516</u>	<u>21,107,880</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	8,386,058	393,974	8,780,032
Special	1,615,233	1,010,227	2,625,460
Vocational	464,834	0	464,834
Student Intervention Services	52,558	70,159	122,717
Support Services:			
Pupil	615,486	291,425	906,911
Instructional Staff	327,630	278,817	606,447
Board of Education	115,277	0	115,277
Administration	1,639,364	438,630	2,077,994
Fiscal	451,853	1,234	453,087
Business	57,664	0	57,664
Operation and Maintenance of Plant	2,042,699	84,425	2,127,124
Pupil Transportation	1,675,747	31,277	1,707,024
Operation of Non-Instructional Services	250	7,507	7,757
Food Service Operations	0	661,401	661,401
Extracurricular Activities	280,788	129,122	409,910
Capital Outlay	30,300	1,530	31,830
Debt Service:			
Principal Retirement	3,579	745,000	748,579
Interest and Fiscal Charges	1,044	13,969	15,013
<i>Total Expenditures</i>	<u>17,760,364</u>	<u>4,158,697</u>	<u>21,919,061</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(156,000)</u>	<u>(655,181)</u>	<u>(811,181)</u>
<b>Other Financing Sources (Uses)</b>			
Sale of Capital Assets	23,941	0	23,941
Inception of Capital Lease	30,300	0	30,300
Transfers In	0	123,811	123,811
Transfers Out	(58,815)	(64,996)	(123,811)
Total Other Financing Sources (Uses)	<u>(4,574)</u>	<u>58,815</u>	<u>54,241</u>
<i>Net Change in Fund Balances</i>	(160,574)	(596,366)	(756,940)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(34,996)</u>	<u>745,363</u>	<u>710,367</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$195,570)</u>	<u>\$148,997</u>	<u>(\$46,573)</u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
*Reconciliation of the Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2012*

**Net Change in Fund Balances - Total Governmental Funds** (\$756,940)

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

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

Capital Asset Additions	182,801	
Current Year Depreciation	(484,407)	
Total	(301,606)	(301,606)

Capital Assets removed from the capital asset account on the statement of net assets results in a gain or loss on disposal of capital assets on the statement of activities. (12,593)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:

Intergovernmental	130,362	
Interest	(804)	
Tuition and Fees	(138,514)	
Property Taxes	(198,203)	
Total	(207,159)	(207,159)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

General Obligation Bonds	745,000	
Capital Leases	3,579	
Total	748,579	748,579

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities.

Accrued Interest		2,328
------------------	--	-------

Issuance costs are reported as an expenditure when paid in governmental funds, but are allocated as an expense over the life of the outstanding debt on the statement of activities. (2,399)

Bond premiums are reported as other financing sources in the governmental funds, but are allocated as an expense over the life of the bonds on the statement of activities. 4,235

Refunding gains are reported as an expenditure in the governmental funds, but are allocated as a reduction of an expense over the life of the bonds. (1,839)

Inception of capital leases are reported as other financing sources in the governmental funds, but the inception increases long term liabilities on the statement of activities (30,300)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences Payable		36,006
------------------------------	--	--------

*Changes in Net Assets of Governmental Activities* (\$521,688)

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2012*

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Property Taxes	\$7,006,627	\$6,702,105	\$6,702,105	\$0
Intergovernmental	10,849,369	10,321,263	10,442,298	121,035
Interest	3,381	3,196	3,234	38
Tuition and Fees	484,317	457,865	463,268	5,403
Rent	0	2,875	2,875	0
Extracurricular Activities	35,179	33,258	33,650	392
Gifts and Donations	25,565	24,169	24,454	285
Miscellaneous	32,278	19,297	19,657	360
<i>Total Revenues</i>	<u>18,436,716</u>	<u>17,564,028</u>	<u>17,691,541</u>	<u>127,513</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	8,846,190	8,416,941	8,416,941	0
Special	1,580,267	1,503,066	1,503,066	0
Vocational	515,433	490,608	490,608	0
Student Intervention Services	55,747	53,062	53,062	0
Support Services:				
Pupil	650,711	616,846	616,846	0
Instructional Staff	341,510	324,863	324,863	0
Board of Education	122,376	112,683	112,683	0
Administration	1,767,911	1,680,784	1,680,784	0
Fiscal	493,168	461,742	461,742	0
Business	61,720	58,747	58,747	0
Operation and Maintenance of Plant	2,176,593	2,062,817	2,062,817	0
Pupil Transportation	1,783,752	1,688,941	1,688,941	0
Extracurricular Activities	297,666	283,331	283,331	0
<i>Total Expenditures</i>	<u>18,693,044</u>	<u>17,754,431</u>	<u>17,754,431</u>	<u>0</u>
Excess of Revenues Under Expenditures	<u>(256,328)</u>	<u>(190,403)</u>	<u>(62,890)</u>	<u>127,513</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	23,941	23,941	0
Advances In	0	38,707	38,707	0
Transfers Out	(58,815)	(58,815)	(58,815)	0
Advances Out	(48,191)	(48,191)	(48,191)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(107,006)</u>	<u>(44,358)</u>	<u>(44,358)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(363,334)</u>	<u>(234,761)</u>	<u>(107,248)</u>	<u>127,513</u>
<i>Fund Balance Beginning of Year</i>	1,693,019	1,693,019	1,693,019	0
Prior Year Encumbrances Appropriated	1,384	1,384	1,384	0
<i>Fund Balance End of Year</i>	<u>\$1,331,069</u>	<u>\$1,459,642</u>	<u>\$1,587,155</u>	<u>\$127,513</u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*June 30, 2012*

	Private Purpose Trust Fund	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$148,691	\$56,218
<i>Total Assets</i>	148,691	\$56,218
<b>Liabilities</b>		
Due to Students	0	\$56,218
<i>Total Liabilities</i>	0	\$56,218
<b>Net Assets</b>		
Held in Trust for Scholarships	148,691	
<i>Total Net Assets</i>	\$148,691	

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
*Statement of Changes in Fiduciary Net Assets*  
*Fiduciary Fund*  
*For the Fiscal Year Ended June 30, 2012*

	Private Purpose Trust Fund
<b>Additions</b>	
Contributions and Donations	\$18,813
Interest	211
	19,024
<b>Deductions</b>	
Scholarships Awarded	17,313
	1,711
<i>Change in Net Assets</i>	<i>1,711</i>
<i>Net Assets Beginning of Year</i>	<i>146,980</i>
	<i>148,691</i>
	<i>\$148,691</i>

See accompanying notes to the basic financial statements

**THIS PAGE INTENTIONALLY LEFT BLANK.**



**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

---

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The Buckeye Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The School District was created by the consolidation in 1965 of Adena, Dillonvale, Mount Pleasant, Brilliant, Smithfield and Yorkville Local School Districts, and by a merger with the Warren Consolidated School District in 1966. The School District serves an area of approximately 136 square miles encompassing most of the southern half of Jefferson County, extending west into Harrison County and south into Belmont County. It is staffed by 84 non-certified employees, 165 certified full-time teaching personnel and 10 administrative employees who provide services to 2,064 students and other community members. The School District currently operates 4 instructional buildings and 1 administrative-bus garage building.

*Reporting Entity:*

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Buckeye Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. No separate governmental units meet the criteria for inclusion as a component unit.

The School District is involved with six organizations, five of which are defined as jointly governed organizations and one which is defined as an insurance purchasing pool. These organizations are the Jefferson County Joint Vocational School, the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council), the Coalition of Rural and Appalachian Schools (CORAS), the Educational Regional Service System Region 12 (ERSS), the Ohio Schools Council (OSC), and the Ohio School Council Workers' Compensation Group Rating Program (GRP). These organizations are presented in Notes 17 and 18 to the financial statements.

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

The financial statements of the Buckeye Local School District have been prepared in conformity with generally accepted accounting principles (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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

---

governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

**A. Basis of Presentation**

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

***Government-wide Financial Statements*** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District however has no business type activities.

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

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

**B. Fund Accounting**

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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

***General Fund*** The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

---

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

***Fiduciary Fund Types*** 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 School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has a private purpose trust fund which accounts for a college scholarship program for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

### **C. Measurement Focus**

***Government-wide Financial Statements*** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

***Fund Financial Statements*** 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

### **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. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

***Revenues - Exchange and Non-Exchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal 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 School District, available means expected to be received within 60 days of fiscal year-end.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

---

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at 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, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

### **E. Cash and Cash Equivalents**

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

During fiscal year 2012, investments were limited to nonnegotiable certificates of deposit, money market mutual funds and State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value. Fair value is based on quoted market price or current share price.

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 net asset value per share which is the price the investment could be sold for at June 30, 2012.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

---

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2012 amounted to \$3,234 which includes \$660 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

**F. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by law through enabling legislation. Restricted assets in the General Fund include amounts required by State Statute to be set aside to create a reserve for budget stabilization, and for unexpended resources restricted for the purchase of buses. See Note 19 for additional information regarding set-asides.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**H. Inventory**

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

**I. Capital Assets**

The only capital assets of the School District are general capital assets. These assets result from expenditures in the governmental funds and 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. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

---

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

<u>Description</u>	<u>Estimated Lives</u>
Land	N/A
Land Improvements	20-50 years
Buildings and Improvements	20-50 years
Furniture and Equipment	5-20 years
Vehicles	5-10 years

**J. 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 on the statement of net assets.

**K. Compensated Absences**

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based in the School District's past experience of making termination payments.

The entire sick leave benefit liability is reported on the government-wide financial statements.

On the government fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured severance payable" in the fund from which the employees will be paid.

**L. Accrued Liabilities and Long-term Obligations**

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

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

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

---

**M. Internal Activity**

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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 financial statements.

**N. Fund Balance**

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

**Nonspendable:** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.

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

Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

**Committed:** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School District Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

---

**Assigned:** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State Statute.

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

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

**O. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include resources from local sources restricted to expenditures for student programs. Of the total restricted net assets, none has resulted from enabling legislation.

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

**P. 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.

**Q. Estimates**

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

**R. Budgetary Data**

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the



**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

---

amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The treasurer is given the authority to further allocate fund appropriations within all funds. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate in effect when the final appropriations were passed by the Board.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from the prior year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

**NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES**

*Changes in Accounting Principles* - For fiscal year 2012, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53". GASB Statement No. 64 was issued to enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of this statement did not result in any material change to the School District's financial statements.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

---

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund:

	Net Change in Fund Balance	General
GAAP Basis		(\$160,574)
Revenue Accruals		56,877
Advances In		38,707
Expenditure Accruals		5,933
Advances Out		(48,191)
Budget Basis		(\$107,248)

**NOTE 5 – FUND DEFICITS**

At June 30, 2012, the following funds had deficit fund balances:

	Deficit Fund Balance
General Fund	\$195,570
Special Revenue Funds:	
Food Service	34,538
Miscellaneous State Grants	12,233

The deficit in the General Fund was the result of expenditures exceeding revenues as well as the application of generally accepted accounting principles. The School District will monitor future spending.

The deficit in the Miscellaneous State Grant Special Revenue Fund was the result of the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The deficit in the Food Service Special Revenue Fund is due to the application of generally accepted accounting principles, as well as a failure to adequately fund this program. The School District is currently monitoring its financial condition and has implemented the point of sale system, eliminated ala carte items, and raised lunch prices to increase revenues and reduce spending. In addition, the School District has entered into an agreement with the Nutrition Group to provide food services to the School District for K-12.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

---

**NOTE 6 - CASH AND CASH EQUIVALENTS**

Monies held by the School District are classified by State statute into three categories.

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio);
8. Commercial paper and bankers acceptances if training requirements have been met.

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

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the bank balance was \$1,621,518. Of the bank balance \$1,619,053 was covered by Federal depository insurance and the remaining balance of \$2,465 was covered by pledged collateral with securities held by the pledging financial institution's trust department or agent. Although the securities were held by the pledging financial institution's trust department and all statutory requirements for the deposit of money had been followed, non-compliance with Federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

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

Investments

As of June 30, 2012, the School District had the following investments, which are in an internal investment pool:

	Fair Value	Maturity	Percent of Total Investments	Rating	Rating Agency
Money Market Mutual Fund	\$302,504	Avg 50 days	71.90%	AAA	S&P
STAR Ohio	118,222	Avg 52.5 days	28.10%	AAAm	S&P
Totals	<u>\$420,726</u>		<u>100.00%</u>		

**Interest Rate Risk.** The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years, and allows for the withdrawal of funds from approved public depositories or sale of negotiable instruments prior to maturity. State Statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

**Credit Risk.** The credit ratings for the School District's securities are listed above. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

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

**Concentration of Credit Risk.** The School District places no limit on the amount it may invest in any one issuer. The percentage of total investments is listed in the table above.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

---

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, 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 year 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011 and are collected 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.

The School District receives property taxes from Belmont, Harrison and Jefferson Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

The amount available as an advance at June 30, 2012, was \$225,445 in the General Fund. The amount available as an advance at June 30, 2011, was \$311,368 in the General Fund and \$6,031 in the Debt Service Fund.

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

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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

	2011 Second Half Collections		2012 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$155,706,230	55.5%	\$156,175,580	57.7%
Public Utility Personal	124,597,250	44.5%	114,715,260	42.3%
	\$280,303,480	100.0%	\$270,890,840	100.0%
Tax Rate per \$1,000 of assessed valuation		\$27.90		\$27.50

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2012 consisted of property taxes, interfund, intergovernmental grants and excess costs. 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. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$367,042 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amounts</u>
IDEA B Grant	\$88,661
Etech Integration Grant	2,500
Title II-D Grant	9,848
Title I Grant	100,988
Title II-A Grant	47,765
State Preschool Grants	10,315
Physical Education Program Grant	118,864
21st Century Grants	57,331
Medicaid	10,047
Excess Costs from Other School Districts	32,683
Total Intergovernmental Receivables	\$479,002

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

**NOTE 9 – CAPITAL ASSETS**

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

	Balance at 6/30/11	Additions	Deletions	Balance at 6/30/12
Capital Assets - Not Depreciated:				
Land	\$597,049	\$0	\$0	\$597,049
Capital Assets - Depreciated:				
Land Improvements	962,893	13,767	0	976,660
Buildings and Improvements	17,659,509	0	(346,204)	17,313,305
Furniture and Equipment	960,747	94,686	0	1,055,433
Vehicles	1,913,227	74,348	(40,454)	1,947,121
Total Capital Assets - Depreciated	21,496,376	182,801	(386,658)	21,292,519
Less Accumulated Depreciation:				
Land Improvements	(788,324)	(11,279)	0	(799,603)
Buildings and Improvements	(9,459,593)	(300,609)	333,611	(9,426,591)
Furniture and Equipment	(789,824)	(52,042)	0	(841,866)
Vehicles	(1,480,020)	(120,477)	40,454	(1,560,043)
Total Accumulated Depreciation	(12,517,761)	(484,407)	374,065	(12,628,103)
Total Capital Assets - Depreciated, Net	8,978,615	(301,606)	(12,593)	8,664,416
Governmental Capital Assets, Net	\$9,575,664	(\$301,606)	(\$12,593)	\$9,261,465

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$162,712
Special	39,079
Vocational	29,346
Support Services:	
Instructional Staff	42,085
Board of Education	445
Administration	33,327
Operation and Maintenance of Plant	52,326
Pupil Transportation	115,302
Food Service Operations	4,373
Extracurricular Activities	5,412
Total Depreciation Expense	<u>\$484,407</u>

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

---

**NOTE 10 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012 the School District contracted with Ohio Casualty Insurance for property and inland marine coverage, and for fleet insurance, and liability insurance. The type and amount of coverage provided by Ohio Casualty Insurance follows:

Commercial Property Coverage - Blanket	\$65,248,488
Property Deductible	1,000
Auto Liability - Combined Single Limit	1,000,000
Uninsured Motorists	1,000,000
Medical Payments	5,000
Comprehensive (ACV) and Towing	250 deductible
Collision (ACV)	500 deductible
Hired and Non-Owned Liability	1,000,000

Educational General Liability:

Bodily Injury and Property Damage - Each Occurrence Limit and Sexual Abuse Injury - Each Sexual Abuse Offense Limit (\$1,000 Bodily Injury Deductible)	\$1,000,000
Personal and Advertising Injury - Each Offense Limit	1,000,000
Fire Damage - Any One Event Limit	300,000
Medical Expense - Any One Person Limit	15,000
Each Accident Limit	15,000
General Aggregate Limit	2,000,000
Products-Completed Operations Aggregate Limit	2,000,000

Employers Liability:

Bodily Injury by Accident - Each Accident Limit	1,000,000
Bodily Injury by Disease - Endorsement Limit	1,000,000
Bodily Injury by Disease - Each Employee Limit	1,000,000

Employee Benefits Liability:

Each Offense Limit	1,000,000
Aggregate Limit	3,000,000

Educational Legal Liability :

Errors and Omissions Injury Limit (\$2,500 Deductible)	1,000,000
Errors and Omissions Injury Aggregate Limit	1,000,000

**Workers' Compensation**

For Fiscal Year 2012, the School District participated in the Ohio Schools Council Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all



**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

---

school districts in the GRP. Each participant pays its workers compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley provides administrative, cost control, and actuarial services to the GRP.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**A. School Employee Retirement System**

Plan Description - The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided the Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocated the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2012, the allocation to pension and death benefits was 12.7 percent. The remaining 1.30 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care Funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2012, 2011, and 2010 were \$259,931, \$263,710, and \$363,384 respectively; 100 percent has been contributed for fiscal years 2012, 2011, and 67 percent has been contributed for fiscal year 2010, with the balance being reported as an intergovernmental payable.

**B. State Teachers Retirement System**

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DB Plan and

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

---

the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan.

The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy – Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2011, the portion used to fund pension obligations was also 13 percent.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$1,161,103 and \$2,376 for the fiscal year ended June 30, 2012, \$1,207,325 and \$1,273 for the fiscal year ended June 30, 2011, and \$1,203,803 and \$1,307 for the fiscal year ended June 30, 2010. For fiscal year 2012, 71.25 percent has been contributed for the DB plan and 71.25 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$26,843 made by the School District and \$19,174 made by the plan members.

### **C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2012, three members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

## **NOTE 12 - POSTEMPLOYMENT BENEFITS**

### **A. School Employee Retirement System**

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the SERS based on

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

---

authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.oh.sers.org](http://www.oh.sers.org) under Employers/Audit Resources.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, .55 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2012, this amount was \$35,800. During fiscal year 2012, the School district paid \$36,393 in surcharge.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$11,257, \$32,936, and \$19,988 respectively; 100 percent has been contributed for fiscal years 2012, 2011, and 67 percent has been contributed for fiscal year 2010, with the balance being reported as an intergovernmental payable.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011 and 2010 were \$15,350, \$17,028, and \$30,382 respectively; 100 percent has been contributed for fiscal years 2012, 2011, and 67 percent has been contributed for fiscal year 2010, with the balance being reported as an intergovernmental payable.

### **B. State Teachers Retirement System**

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

Funding Policy – Ohio Revised Code Chapter 3307, authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal years 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$89,316 \$92,871 and \$81,358 respectively. For fiscal year 2012, 71.25 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

---

**NOTE 13 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and certain administrators earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. All employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave up to a maximum accumulation of 250 days for teachers and administrators. In lieu of the 25 percent retirement payment, the certified staff may choose to receive retirement pay consisting of fifty dollars for each day of accumulated, unused sick leave on the date of retirement. For the classified employees, payment upon retirement is 30 percent of accrued, but unused accumulated sick leave up to a maximum accumulation of 275 days.

**B. Insurance Benefits**

The School District provides hospitalization and major medical, prescription drug and dental coverage for all eligible employees through the Health Plan HMO. The certified staff can choose from Plan A, Plan B or Plan C with premiums ranging from \$1,332.27 to \$1,012.19 for family coverage and \$465.12 to \$354.75 for single coverage. The Plans vary by the amount of the co-pay, coinsurance and annual deductible. The Board pays approximately 90 percent of the premium for family and single coverage on Plan A and Plan B and 100 percent of the premium on Plan C.

The classified staff participates in Plan A exclusively and contributes \$45 a month towards the premium for both the single and family coverage.

Dental coverage is provided through Met Life. The School District pays 90 percent of \$52.07 for family coverage and 90 percent of \$15.81 for single coverage for the certified staff and 100 percent of the family or single coverage for the classified employees.

The School District provides life insurance and accidental death and dismemberment insurance to employees through CoreSource in the amount of \$30,000 per employee.

**NOTE 14 – CAPITAL LEASES – LESSEE DISCLOSURE**

The School District has entered into capitalized leases for copiers. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards 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 are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balance for the governmental funds.

Equipment acquired by lease has been capitalized in the government wide statements governmental activities in the amount of \$30,300 which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government wide statements governmental activities. Governmental activities capitalized leased assets are reflected net of accumulated depreciation in the amount of \$25,755. Principal payments towards capital leases during fiscal year 2012 totaled \$3,579.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

Future minimum lease payments through fiscal year 2017 are as follows:

Fiscal Year	Governmental Activities	
	Principal	Interest
2013	\$5,619	\$1,317
2014	5,934	1,002
2015	6,267	672
2016	6,615	321
2017	2,286	30
Total	\$26,721	\$3,342

**NOTE 15 - LONG - TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2012 were as follows:

	Outstanding			Outstanding	
	6/30/11	Additions	Reductions	6/30/12	Amounts Due Within One Year
<b>General Obligation Bonds:</b>					
2003 School Improvement Refunding Bonds \$3,174,986					
Serial Bonds - \$1,875,000 @ 1.5%-3.75%	\$745,000	\$0	\$745,000	\$0	\$0
Premium - \$135,589	4,235	0	4,235	0	0
Refunding Difference - \$58,941	(1,839)	0	(1,839)	0	0
Total General Obligation Bonds	747,396	0	747,396	0	0
Capital Leases	0	30,300	3,579	26,721	5,619
Compensated Absences	1,344,153	235,273	271,279	1,308,147	135,898
Total General Long-Term Obligations	\$2,091,549	\$265,573	\$1,022,254	\$1,334,868	\$141,517

*2003 School Improvement Refunding General Obligation Bonds* – On October 1, 2003, the Buckeye Local School District issued \$3,174,986 of general obligation bonds. The bonds were issued to refund \$3,175,000 of outstanding 1993 School Improvement Refunding General Obligation Term Bonds. These bonds were issued for an eight year period with a final maturity of December 31, 2011. As of June 30, 2012 the bonds issue was fully retired.

The School District has entered into capital leases for copiers. These leases will be repaid through the General Fund.

Compensated absences will be paid from the General Fund.

The School District's overall legal debt margin was \$24,380,176, with an unvoted debt margin of \$270,891 at June 30, 2012.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

---

**NOTE 16 – INTERNAL BALANCES AND TRANSFERS**

**A. Interfund Balances**

Interfund balances at June 30, 2012 consist of the following individual interfund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>
	<u>General Fund</u>
Other Nonmajor Governmental Funds	<u>\$48,191</u>

The interfund receivable in the General Fund is for a loan to the Miscellaneous State Grants, Miscellaneous Federal Grants and Title I Special Revenue Funds to support the programs until the grant monies are received.

**B. Transfers**

Interfund transfers for the year ended June 30, 2012 consisted of the following:

<u>Transfers from</u>	<u>Transfers to</u>
	<u>Other Non-major</u>
	<u>Governmental</u>
General Fund	\$58,815
Other Non-Major Governmental Fund	64,996
Total All Funds	<u>\$123,811</u>

Transfers from the General Fund were used to provide revenue to the Food Service Special Revenue Fund to cover operating costs due to insufficient user charges. The transfer within other non-major governmental funds was to close the unexpended Debt Service Fund balance to the Permanent Improvement Capital Projects Fund within the guidelines of Section 5705.14 (C) (2) of the Ohio Revised Code, as the bonds were fully repaid during fiscal year 2012.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

---

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS**

*Jefferson County Joint Vocational School* – The Jefferson County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the six participating school district’s elected boards, which possesses its own budgeting and taxing authority. During fiscal year 2012, the School District made no contributions to the Vocational School District. To obtain financial information write to the Jefferson County Joint Vocational School, Karen Spoonmore, who serves as Treasurer, at 1509 County Highway 22A, Bloomingdale, Ohio 43910.

*Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council)* - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board possesses its own budgeting authority. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2012, the total amount paid to OME-RESA from the School District was \$130,073 for cooperative gas purchasing services, \$26,726 for technology services and \$31,077 for financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

*The Coalition of Rural and Appalachian Schools (CORAS)* - is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Council provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Council. The School District’s membership fee was \$325 for fiscal year 2012.

*Educational Regional Service System Region 12 (ERSS)* - The School District participates in the Educational Regional Service System Region 12 (ERSS), a jointly governed organization consisting of educational entities within Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Muskingum, Noble and Tuscarawas counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region’s largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region),

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

---

and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the Muskingum Valley Educational Service Center, 205 N. Seventh Street, Zanesville, Ohio, 43701.

*Ohio Schools Council (OSC)* – The Ohio Schools Council is a jointly governed organization among 161 school districts, educational service centers, joint vocational districts, and developmental disabilities boards. The purpose of the OSC is cooperative purchasing, and various purchasing programs are offered. Each participant supports the OSC by paying an annual participation fee. Each participating School District’s superintendent serves as a representative of the Assembly. The Assembly elects a seven member Board of Directors (Board) which is the policy making authority of the OSC. The Board appoints an Executive Director to oversee operations of the OSC. In fiscal year 2012, the School District paid \$558 to the OSC. Financial information can be obtained by contacting Dr. David A. Cottrell, the Executive Director at the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

**NOTE 18 – PUBLIC ENTITY POOL**

**Insurance Purchasing Pool**

*Ohio Schools Council Workers’ Compensation Group Rating Program (GRP)* – The School District participates in the Ohio Schools Council Workers’ Compensation Group Rating Program, an insurance purchasing pool. The GRP is governed by the seven member Board of the Ohio Schools Council (Council). The Council has contracted with Sheakley to provide third-party administration of the GRP. Each year, the participating school districts are required to be a member of the Ohio Schools Council, and pay their required membership, as well as pay an enrollment fee to Sheakley to cover the costs of administration of the program. In fiscal year 2012, the School District’s enrollment fee of \$935 was paid to Sheakley.

**NOTE 19 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district’s budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the District’s General Fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers’ Compensation monies remaining in the budget reserve. During fiscal year 2002, the Board of Education passed a resolution to maintain only the refunds from the Bureau of Workers Compensation in the budget reserve pursuant to State Statute and at June 30, 2012 this is all that continues to be set aside. On May 21, 2012, the Board of Education passed a resolution to utilize the budget reserve funds for the purchase of school buses, textbooks and instructional materials and or facility renovation or repair during fiscal year 2013.



**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

The following cash basis information describes the change in the year-end set-aside amounts for capital improvements, and budget stabilization. Disclosure of this information is required by State statute.

	Capital Improvements	Budget Stabilization
Set-aside Restricted Balance as of June 30, 2011	\$0	\$115,961
Current Year Set-aside Requirement	341,033	0
Current Year Qualifying Expenditures	(592,355)	0
Totals	(\$251,322)	\$115,961
Balance Carried Forward to Fiscal Year 2013	\$0	\$0
Set-aside Restricted Balance as of June 30, 2012	\$0	\$115,961

The School District had qualifying disbursements that reduced the capital improvements set-aside amount below zero. This excess may not be carried forward to offset future year set-aside requirements.

The total restricted balance for the set-asides at the end of the fiscal year was \$115,961.

**NOTE 20 – CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2012.

**B. Litigation**

The School District is not currently party to any pending litigation.

**C. Average Daily Membership Review**

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

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

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

---

**NOTE 21 - SUBSEQUENT EVENTS**

*Energy Conservation Bonds* – On June 21, 2012, the Board of Education approved a resolution to authorize an Ohio House Bill 264 Energy Conservation Project. The total project cost, including financing, will not exceed \$1,018,002. As of the date of the financial statements, no bonds have been issued.

*Tax Levy* - On June 25, 2012, the Board of Education passed a resolution to place a 2 mill permanent improvement levy on the November 6, 2012 ballot. The levy failed.

*Sale of Property* - On August 6, 2012, the Board of Education approved a resolution to sell Northwest Elementary located at 680 Hill Street, Rayland, Ohio. As of the date of the financial statements, the property has not been sold.

*Gas and Oil Lease Agreement* – On January 11, 2012, the Board of Education entered into a gas and oil lease agreement with Chesapeake Energy. On September 13, 2012 the School District received \$803,297 from the lease agreement. On September 27, 2012, the Board of Education approved purchases for three full size school buses at \$80,000 each; two small transport vans costing \$25,000 each; spending \$300,000 to purchase needed technology to complete the resources begun with the selection and purchase of new math and English textbooks for the elementary students; using \$200,000 toward roof repairs at the high school; earmarking \$10,000 for remodeling a single open area at the high school into individual classrooms and \$3,297 for legal fees.

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2012**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster				
Non Cash Assistance:				
National School Lunch Program	03-PU-12	10.555	\$1,553	\$1,553
Cash Assistance:				
National School Lunch Program	04-PU-12	10.555	\$376,967	376,967
National School Breakfast Program	05-PU-12	10.553	<u>116,615</u>	<u>116,615</u>
Cash Assistance Subtotal			493,582	493,582
Total U.S. Department of Agriculture - Nutrition Cluster (Cash and Non-Cash)			495,135	495,135
<b>U.S. DEPARTMENT OF EDUCATION</b>				
School Counselor Grant	Q215E080068	84.215E	4,034	4,034
			105,815	105,815
Physical Education Grant		84.215F	268,158	268,158
Building Bridges Grant	Q215M100019	84.215M	6,660	6,660
			<u>103,704</u>	<u>103,704</u>
Total Fund for Improvement of Education Grant			488,371	488,371
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education Grants to States Title VI-B Flow Through	6B-SF-11 6B-SF-12	84.027	87,991	76,041
			436,551	428,625
ARRA		84.391	<u>31,889</u>	<u>28,204</u>
Total Title VI B			556,431	532,870
Special Education - Preschool Grant	PG-S1-11 PG-S1-12	84.173		375
			20,418	20,418
ARRA	2011	84.392	<u>1,186</u>	<u>2,046</u>
Total Special Education - Preschool Grant			21,604	22,839
Total Special Education Cluster			578,035	555,709
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-11 C1-S1-12	84.010	86,803	95,066
			604,228	612,624
ARRA	2011	84.389	<u>19,026</u>	<u>17,690</u>
Total Title I			710,057	725,380
Drug-Free Schools Grant	DR-S1-12	84.186	<u>75,000</u>	<u>75,000</u>
			75,000	75,000
Title II A - Improving Teacher Quality	TR-S1-11 TR-S1-12	84.367	30,590	24,562
			<u>119,478</u>	<u>132,912</u>
Total Title II A			150,068	157,474
Title II D - Education Technology State Grants	TJ-S1-12	84.318	99,292	109,118
ARRA	2011	84.386	<u>1,369</u>	<u>0</u>
Total Title II D			100,661	109,118
21st Century Grant	T1-S1-12	84.287	<u>348,582</u>	<u>359,609</u>
			348,582	359,609
Education Jobs	2011 2012	84.410	13,660	13,660
			<u>78,862</u>	<u>79,378</u>
			92,522	93,038
			2,543,296	2,563,699
Total Federal Financial Assistance			<u><u>\$3,038,431</u></u>	<u><u>\$3,058,834</u></u>

*The notes to the Federal Schedule of Awards Receipts and Expenditures are an integral part of this schedule.*

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
JUNE 30, 2012**

**A. SIGNIFICANT ACCOUNTING POLICIES**

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

**B. CHILD NUTRITION CLUSTER**

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

**C. FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities. At June 30, 2012, the District had no significant food commodities in inventory.



# Dave Yost • Auditor of State

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

Buckeye Local School District  
Jefferson County  
6899 State Highway Route 150  
Dillonvale, Ohio 43917

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Buckeye Local School District, Jefferson County, (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

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

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293

Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949

[www.ohioauditor.gov](http://www.ohioauditor.gov)

Buckeye Local School District  
Jefferson County  
Independent Accountants' report on Internal Control  
Over Financial Reporting and on Compliance and Other  
Matters Required by *Government Auditing Standards*  
Page 2

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 7, 2012.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

December 7, 2012



# Dave Yost • Auditor of State

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

Buckeye Local School District  
Jefferson County  
6899 State Highway Route 150  
Dillonvale, Ohio 43917

To the Board of Education:

### Compliance

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

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

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

### Internal Control Over Compliance

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

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

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

We noted a matter involving federal compliance or internal control over federal compliance, not requiring inclusion in this report, that we have reported to the District's management in a separate letter dated December 7, 2012.

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



**Dave Yost**  
Auditor of State

December 7, 2012



**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title 1 84.010, 84.389 21 <sup>st</sup> Century Grant 84.287
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

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

None

**This page intentionally left blank.**



# Dave Yost • Auditor of State

**BUCKEYE LOCAL SCHOOL DISTRICT**

**JEFFERSON 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  
MARCH 14, 2013**