



Dave Yost • Auditor of State

**BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets	10
Statement of Activities.....	11
Balance Sheet – Governmental Funds.....	12
Reconciliation of Total Governmental Fund Balances To Net Assets of Governmental Activities.....	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual – General Fund.....	16
Statement of Fiduciary Net Assets – Fiduciary Funds.....	17
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	18
Notes to the Basic Financial Statements	19
Federal Awards Expenditures Schedule.....	45
Notes to the Federal Award Expenditures Schedule.....	47
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
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	55

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, 2011, 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, 2011, 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.

As described in Note 1, during the year ended June 30, 2011, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2011, 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.

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.auditor.state.oh.us

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. The federal awards expenditure 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 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 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.



Dave Yost
Auditor of State

November 3, 2011

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
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, 2011. 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 2011 are as follows:

- Net assets of governmental activities increased \$874,692, or approximately 11 percent.
- General revenues accounted for \$17,179,673 in revenue or 75 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$5,816,724 or 25 percent of total revenues of \$22,996,397.
- Total assets of governmental activities increased \$302,449. Current assets increased by \$777,519 primarily due to an increase in property taxes receivable based upon an increase in assessed valuation. Cash and cash equivalents and investments and intergovernmental receivables also increased related to the School District being awarded the Education Jobs Grant and the Building Bridges Grant. Capital assets decreased \$475,070 due primarily to depreciation expense which was offset slightly by capital asset additions.
- The School District had \$22,121,705 in expenses related to governmental activities; only \$5,816,724 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$17,179,673 were adequate to provide for these programs.
- Total governmental funds had \$23,048,822 in revenues and other financing sources and \$22,610,486 in expenditures and other financing uses. The total governmental fund balance increased \$438,336.

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, 2011
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 2011?" 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 8. 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 funds are the General Fund and Debt Service 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, 2011
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 2011 compared to 2010.

Table 1
Net Assets
Governmental Activities

	2011	2010	Change
Assets			
Current and Other Assets	\$10,345,379	\$9,567,860	\$777,519
Capital Assets	9,575,664	10,050,734	(475,070)
Total Assets	19,921,043	19,618,594	302,449
Liabilities			
Long-Term Liabilities	2,091,549	2,941,553	(850,004)
Other Liabilities	8,870,986	8,593,225	277,761
Total Liabilities	10,962,535	11,534,778	(572,243)
Net Assets			
Invested in Capital Assets	8,830,667	8,465,757	364,910
Restricted	962,396	1,500,863	(538,467)
Unrestricted (Deficit)	(834,555)	(1,882,804)	1,048,249
Total Net Assets	\$8,958,508	\$8,083,816	\$874,692

Total assets of governmental activities increased \$302,449. As indicated previously, current assets increased by \$777,519 primarily due to an increase in property taxes receivable based upon an increase in assessed valuation. Cash and cash equivalents and investments and intergovernmental receivables also increased related to the School District being awarded the Education Jobs Grant and the Building Bridges Grant. Capital assets decreased \$475,070 due primarily to depreciation expense which was offset slightly by capital asset additions.

Long-Term liabilities significantly decreased due to the annual debt service payments on the general obligation bonds. Other liabilities increased due to an increase in matured severance payable and in deferred revenue related to taxes which were offset by a decrease in accrued wages and benefits and intergovernmental payables.

The net effect of changes in assets and liabilities resulted in an \$874,692 increase 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, 2011
Unaudited

Table 2 shows the changes in net assets for the fiscal year 2011 compared to fiscal year 2010.

	Changes in Net Assets		
	Governmental Activities		
	2011	2010	Change
Revenues			
Program Revenues			
Charges for Services	\$947,435	\$948,560	(\$1,125)
Operating Grants and Contributions	4,869,289	4,311,209	558,080
Total Program Revenues	5,816,724	5,259,769	556,955
General Revenues			
Property Taxes	6,525,502	6,781,428	(255,926)
Grants and Entitlements not Restricted to Specific Programs	10,537,454	10,735,892	(198,438)
Others	116,717	72,780	43,937
Total General Revenues	17,179,673	17,590,100	(410,427)
Total Revenues	22,996,397	22,849,869	146,528
Program Expenses			
Instruction			
Regular	9,262,149	9,050,177	211,972
Special	2,556,657	2,562,906	(6,249)
Vocational	640,612	779,782	(139,170)
Student Intervention Services	153,437	288,768	(135,331)
Support Services			
Pupil	776,847	761,388	15,459
Instructional Staff	682,564	984,795	(302,231)
Board of Education	103,682	137,800	(34,118)
Administration	2,147,278	1,916,671	230,607
Fiscal	457,176	440,914	16,262
Business	55,197	39,536	15,661
Operation and Maintenance of Plant	2,144,428	2,106,273	38,155
Pupil Transportation	1,816,985	1,733,443	83,542
Operation of Non-Instructional Services	10,200	11,227	(1,027)
Food Service Operations	880,656	1,014,758	(134,102)
Extracurricular Activities	393,834	427,331	(33,497)
Interest and Fiscal Charges	40,003	72,500	(32,497)
Total Expenses	22,121,705	22,328,269	(206,564)
Increase in Net Assets	874,692	521,600	353,092
Net Assets Beginning of Year	8,083,816	7,562,216	521,600
Net Assets End of Year	\$8,958,508	\$8,083,816	\$874,692

In 2011, 28 percent of the School District's revenues were from property taxes and 46 percent were from unrestricted grants and entitlements. Program revenue operating grants and contributions increased \$558,080 from the prior fiscal year. This increase is due primarily to the School District being awarded the Education Jobs Grant and the Building Bridges Grant. The School District had no capital contributions from outside sources during fiscal year 2011.

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Instructional programs comprise approximately 57 percent of total governmental program expenses. Of the instructional expenses, approximately 73 percent is for regular instruction, 21 percent is for special instruction, 5 percent for vocational instruction, and one percent for student intervention. Instructional program expenses and total expenses decreased less than one 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 2011 compared to fiscal year 2010. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

Table 3
Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Instruction				
Regular	\$9,262,149	\$9,050,177	\$6,943,403	\$7,852,351
Special	2,556,657	2,562,906	1,327,907	1,424,502
Vocational	640,612	779,782	618,799	779,782
Student Intervention Services	153,437	288,768	57,860	69,121
Support Services				
Pupil	776,847	761,388	480,180	476,665
Instructional Staff	682,564	984,795	339,696	520,021
Board of Education	103,682	137,800	103,682	75,774
Administration	2,147,278	1,916,671	1,819,168	1,549,397
Fiscal	457,176	440,914	249,073	166,851
Business	55,197	39,536	55,197	39,536
Operation and Maintenance of Plant	2,144,428	2,106,273	2,130,985	2,019,073
Pupil Transportation	1,816,985	1,733,443	1,786,141	1,593,066
Operation of Non-Instructional Services	10,200	11,227	102	22
Food Service Operations	880,656	1,014,758	112,150	157,707
Extracurricular Activities	393,834	427,331	240,635	272,132
Interest and Fiscal Charges	40,003	72,500	40,003	72,500
Total Expenses	<u>\$22,121,705</u>	<u>\$22,328,269</u>	<u>\$16,304,981</u>	<u>\$17,068,500</u>

The dependence upon tax revenues and state subsidies for governmental activities is apparent, as 74 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 14. These funds are accounted for using the modified accrual basis of accounting. The School District has two major funds, the General Fund and the Debt Service Fund. The General Fund had \$17,560,653 in revenues and \$16,485,442 in expenditures. Overall, including other financing uses, the General Fund's balance increased \$953,893. The Debt Service Fund had \$326,155 in revenues and \$884,932 in expenditures. The Debt Service

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Fund's balance decreased \$558,777 due to a reduction of property tax dollars and debt service payments as the general obligation bonds are due to be fully repaid during fiscal year 2012.

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 2011, 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 2011, the School District had \$9,575,664 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	
	2011	2010
Land	\$597,049	\$597,049
Land Improvements	174,569	185,274
Buildings and Improvements	8,199,916	8,501,500
Furniture and Equipment	158,023	199,730
Vehicles	446,107	567,181
Totals	\$9,575,664	\$10,050,734

Debt

At June 30, 2011, the School District had \$747,396 in bonds outstanding, including premiums and refunding differences.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2011	2010
2003 School Improvement Refunding		
Serial Bonds	\$745,000	\$1,585,000
Premium	4,235	21,184
Refunding Difference	(1,839)	(9,207)
Total	\$747,396	\$1,596,977

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

See Note 14 for more detailed information on the School District's debt.

Economic Factors

During fiscal year 2011, fourteen teachers, one elementary principal and one classified employee retired.

The Board of Education reviewed the condition of the school buildings and the financial status of the School District and on April 25, 2011, the Board of Education voted to close the South Elementary School located in Yorkville and North Elementary School located in Brilliant, and to reopen the North Middle School located in Brilliant, to be known as North Elementary and reopen Southwest Middle School located in Tiltonsville, to be known as South Elementary School. In addition, on May 12, 2011, the Board of Education voted to close Northwest Elementary School located in Smithfield, Ohio.

Students attending the closed schools are being relocated to South Elementary School, North Elementary School and West Elementary School. This is to take effect at the beginning of the 2012 school year.

During fiscal year 2011, the Board of Education adopted resolutions regarding the reduction in force of nonteaching staff due to financial reasons, lack of funds and/or lack of work. This reduction included the abolishment of 4 assistant cook positions, 1 secretary position, 1 elementary cook position, 2 high school cook positions and 1 custodian position. This reduction also included the reduction of 1 full time high school cook to the maximum of 6 hours; 1 full time high school cook from 6 hours to 5 hours maximum; 3 full time elementary cook positions from 6 hours to 5 hours maximum; 2 high school cook positions from 5 hours to 3 hours maximum; 1 regular full time custodian position from 8 hours to 4 hours maximum, effective June 1, 2011; 4 preschool aides to 6 regular hours per day; 1 multi-disability high school aide to 5 hours per day; 1 emotionally disturbed high school aide to 5 hours per day; and 3 library aides to 3.5 hours per day, effective May 26, 2011.

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.

Buckeye Local School District
Statement of Net Assets
June 30, 2011

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,105,199
Cash and Cash Equivalents in Segregated Accounts	603
Intergovernmental Receivable	583,891
Accrued Interest Receivable	804
Investments in Segregated Accounts	399,796
Prepaid Items	1,387
Materials and Supplies Inventory	60,643
Property Taxes Receivable	7,190,657
Deferred Charges	2,399
Non-Depreciable Capital Assets	597,049
Depreciable Capital Assets, Net	8,978,615
<i>Total Assets</i>	19,921,043
Liabilities	
Accounts Payable	65,303
Accrued Wages and Benefits Payable	1,837,002
Intergovernmental Payable	478,202
Matured Severance Payable	180,138
Accrued Interest Payable	2,328
Deferred Revenue	6,308,013
Long-Term Liabilities:	
Due Within One Year	866,506
Due In More Than One Year	1,225,043
<i>Total Liabilities</i>	10,962,535
Net Assets	
Invested in Capital Assets, Net of Related Debt	8,830,667
Restricted for:	
Debt Service	684,882
Budget Stabilization	115,961
Bus Purchase	5,959
Federal Programs	40,354
Other Purposes	115,240
Unrestricted (Deficit)	(834,555)
<i>Total Net Assets</i>	\$8,958,508

See accompanying notes to the basic financial statements

Buckeye Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Instruction:				
Regular	\$9,262,149	\$567,217	\$1,751,529	(\$6,943,403)
Special	2,556,657	0	1,228,750	(1,327,907)
Vocational	640,612	0	21,813	(618,799)
Student Intervention Services	153,437	0	95,577	(57,860)
Support Services:				
Pupil	776,847	0	296,667	(480,180)
Instructional Staff	682,564	0	342,868	(339,696)
Board of Education	103,682	0	0	(103,682)
Administration	2,147,278	0	328,110	(1,819,168)
Fiscal	457,176	0	208,103	(249,073)
Business	55,197	0	0	(55,197)
Operation and Maintenance of Plant	2,144,428	0	13,443	(2,130,985)
Pupil Transportation	1,816,985	0	30,844	(1,786,141)
Operation of Non-Instructional Services	10,200	0	10,098	(102)
Food Service Operations	880,656	227,019	541,487	(112,150)
Extracurricular Activities	393,834	153,199	0	(240,635)
Interest and Fiscal Charges	40,003	0	0	(40,003)
<i>Total Governmental Activities</i>	<u>\$22,121,705</u>	<u>\$947,435</u>	<u>\$4,869,289</u>	<u>(\$16,304,981)</u>
General Revenues				
Property Taxes Levied for General Purposes				6,407,647
Property Taxes Levied for Debt Service				117,855
Grants and Entitlements not Restricted to Specific Programs				10,537,454
Investment Earnings				3,779
Gifts and Donations				60,213
Miscellaneous				52,725
<i>Total General Revenues</i>				<u>17,179,673</u>
Change in Net Assets				874,692
<i>Net Assets Beginning of Year</i>				<u>8,083,816</u>
<i>Net Assets End of Year</i>				<u><u>\$8,958,508</u></u>

See accompanying notes to the basic financial statements

Buckeye Local School District
Balance Sheet
Governmental Funds
June 30, 2011

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,172,071	\$671,052	\$140,156	\$1,983,279
Cash and Cash Equivalents in Segregated Accounts	603	0	0	603
Investments in Segregated Accounts	399,796	0	0	399,796
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	121,920	0	0	121,920
Receivables:				
Property Taxes	7,115,747	74,910	0	7,190,657
Intergovernmental	182,511	0	401,380	583,891
Accrued Interest	804	0	0	804
Interfund	38,707	0	0	38,707
Prepaid Items	1,387	0	0	1,387
Materials and Supplies Inventory	52,415	0	8,228	60,643
<i>Total Assets</i>	<u>\$9,085,961</u>	<u>\$745,962</u>	<u>\$549,764</u>	<u>\$10,381,687</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$61,164	\$0	\$4,139	\$65,303
Accrued Wages and Benefits Payable	1,501,086	0	335,916	1,837,002
Matured Severance Payable	180,138	0	0	180,138
Interfund Payable	0	0	38,707	38,707
Intergovernmental Payable	402,189	0	76,013	478,202
Deferred Revenue	6,976,380	68,879	26,709	7,071,968
<i>Total Liabilities</i>	<u>9,120,957</u>	<u>68,879</u>	<u>481,484</u>	<u>9,671,320</u>
Fund Balances (Deficit)				
Nonspendable:				
Materials and Supplies Inventory	52,415	0	8,228	60,643
Prepaid Items	1,387	0	0	1,387
Restricted for:				
Bus Purchase	5,959	0	0	5,959
Budget Stabilization	115,961	0	0	115,961
Capital Projects	0	0	2,397	2,397
Debt Service	0	677,083	0	677,083
Federal Programs	0	0	13,645	13,645
Local Programs	0	0	115,240	115,240
Unassigned	(210,718)	0	(71,230)	(281,948)
<i>Total Fund Balances (Deficit)</i>	<u>(34,996)</u>	<u>677,083</u>	<u>68,280</u>	<u>710,367</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$9,085,961</u>	<u>\$745,962</u>	<u>\$549,764</u>	<u>\$10,381,687</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, 2011*

Total Governmental Fund Balances	\$710,367
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	9,575,664
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
Grants	26,709
Interest	804
Tuition and Fees	171,197
Property Taxes	<u>565,245</u>
Total	763,955
Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.	2,399
In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.	(2,328)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds - Serial	745,000
Bond Premium	4,235
Refunding Difference	(1,839)
Compensated Absences	<u>1,344,153</u>
Total	<u>(2,091,549)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$8,958,508</u></u>

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, 2011

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$6,409,516	\$118,052	\$0	\$6,527,568
Intergovernmental	10,537,454	208,103	4,647,547	15,393,104
Interest	3,077	0	29	3,106
Tuition and Fees	506,026	0	4,544	510,570
Extracurricular Activities	22,558	0	130,641	153,199
Gifts and Donations	29,447	0	30,766	60,213
Charges for Services	0	0	227,019	227,019
Miscellaneous	52,575	0	150	52,725
<i>Total Revenues</i>	<u>17,560,653</u>	<u>326,155</u>	<u>5,040,696</u>	<u>22,927,504</u>
Expenditures				
Current:				
Instruction:				
Regular	7,398,819	0	1,768,917	9,167,736
Special	1,295,617	0	1,221,847	2,517,464
Vocational	589,379	0	21,799	611,178
Student Intervention Services	59,175	0	94,262	153,437
Support Services:				
Pupil	486,137	0	290,710	776,847
Instructional Staff	300,866	0	339,489	640,355
Board of Education	103,237	0	0	103,237
Administration	1,764,079	0	322,964	2,087,043
Fiscal	454,357	2,819	0	457,176
Business	55,197	0	0	55,197
Operation and Maintenance of Plant	2,074,003	0	13,697	2,087,700
Pupil Transportation	1,638,213	0	30,608	1,668,821
Operation of Non-Instructional Services	0	0	10,200	10,200
Food Service Operations	0	0	881,677	881,677
Extracurricular Activities	266,363	0	122,624	388,987
Debt Service:				
Principal Retirement	0	840,000	0	840,000
Interest and Fiscal Charges	0	42,113	0	42,113
<i>Total Expenditures</i>	<u>16,485,442</u>	<u>884,932</u>	<u>5,118,794</u>	<u>22,489,168</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,075,211</u>	<u>(558,777)</u>	<u>(78,098)</u>	<u>438,336</u>
Other Financing Sources (Uses)				
Transfers In	0	0	121,318	121,318
Transfers Out	(121,318)	0	0	(121,318)
Total Other Financing Sources (Uses)	<u>(121,318)</u>	<u>0</u>	<u>121,318</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	953,893	(558,777)	43,220	438,336
<i>Fund Balances (Deficit) Beginning of Year- Restated (Note 3)</i>	<u>(988,889)</u>	<u>1,235,860</u>	<u>25,060</u>	<u>272,031</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>(\$34,996)</u></u>	<u><u>\$677,083</u></u>	<u><u>\$68,280</u></u>	<u><u>\$710,367</u></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, 2011*

Net Change in Fund Balances - Total Governmental Funds \$438,336

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	18,697	
Current Year Depreciation	(493,767)	
Total	(475,070)	(475,070)

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

Intergovernmental	13,639	
Interest	673	
Tuition and Fees	56,647	
Property Taxes	(2,066)	
Total	68,893	68,893

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		840,000
--------------------------	--	---------

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		2,130
------------------	--	-------

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.

		(9,601)
--	--	---------

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.

		16,949
--	--	--------

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.

		(7,368)
--	--	---------

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		423
------------------------------	--	-----

Changes in Net Assets of Governmental Activities \$874,692

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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$6,405,979	\$6,456,934	\$6,456,934	\$0
Intergovernmental	10,623,028	10,535,697	10,535,996	299
Interest	10,000	3,077	3,077	0
Tuition and Fees	500,350	506,026	506,026	0
Extracurricular Activities	8,500	22,558	22,558	0
Gifts and Donations	12,118	29,447	29,447	0
Miscellaneous	6,735	52,575	52,575	0
<i>Total Revenues</i>	<u>17,566,710</u>	<u>17,606,314</u>	<u>17,606,613</u>	<u>299</u>
Expenditures				
Current:				
Instruction:				
Regular	8,008,100	7,389,129	7,389,129	0
Special	1,490,139	1,372,700	1,372,699	1
Vocational	554,070	611,221	611,221	0
Student Intervention Services	28,503	58,671	58,671	0
Support Services:				
Pupils	447,185	493,189	493,189	0
Instructional Staff	361,331	328,998	328,998	0
Board of Education	99,431	106,094	106,094	0
Administration	1,926,783	1,769,734	1,769,734	0
Fiscal	432,557	455,099	455,099	0
Business	32,325	54,114	54,114	0
Operation and Maintenance of Plant	1,855,673	2,075,825	2,075,825	0
Pupil Transportation	1,589,673	1,678,483	1,678,483	0
Extracurricular Activities	257,006	282,242	282,242	0
<i>Total Expenditures</i>	<u>17,082,776</u>	<u>16,675,499</u>	<u>16,675,498</u>	<u>1</u>
Excess of Revenues Over Expenditures	<u>483,934</u>	<u>930,815</u>	<u>931,115</u>	<u>300</u>
Other Financing Sources (Uses)				
Advances In	43,656	43,656	43,656	0
Transfers Out	(122,665)	(121,318)	(121,318)	0
Advances Out	0	(38,707)	(38,707)	0
Total Other Financing Sources (Uses)	<u>(79,009)</u>	<u>(116,369)</u>	<u>(116,369)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	404,925	814,446	814,746	300
<i>Fund Balance Beginning of Year</i>	<u>878,260</u>	<u>878,260</u>	<u>878,260</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,283,185</u></u>	<u><u>\$1,692,706</u></u>	<u><u>\$1,693,006</u></u>	<u><u>\$300</u></u>

See accompanying notes to the basic financial statements

Buckeye Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Private Purpose Trust Fund	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$146,980	\$44,984
<i>Total Assets</i>	146,980	\$44,984
Liabilities		
Due to Students	0	\$44,984
<i>Total Liabilities</i>	0	\$44,984
Net Assets		
Held in Trust for Scholarships	146,980	
<i>Total Net Assets</i>	\$146,980	

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, 2011

	Private Purpose Trust Fund
Additions	
Contributions and Donations	\$5,000
Interest	287
	5,287
Deductions	
Scholarships Awarded	798
	4,489
<i>Change in Net Assets</i>	4,489
<i>Net Assets Beginning of Year</i>	142,491
	142,491
<i>Net Assets End of Year</i>	\$146,980
	\$146,980

See accompanying notes to the basic financial statements

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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 89 non-certified employees, 165 certified full-time teaching personnel and 11 administrative employees who provide services to 2,094 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 (Council), and the Ohio School Council Workers' Compensation Group Rating Program (GRP). These organizations are presented in Notes 16 and 17 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, 2011

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 are the School District's major governmental funds:

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, 2011

Debt Service Fund The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

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, 2011

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, 2011, but which were levied to finance fiscal year 2012 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 2011, investments were limited to negotiable certificates of deposit, money market mutual funds and State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. 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 share price which is the price the investment could be sold for at June 30, 2011.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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 2011 amounted to \$3,077 which includes \$1,262 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.

The money market account is reported as cash equivalents in segregated accounts and the negotiable certificate of deposits are reported as and investments in segregated accounts.

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 18 for additional information regarding set-asides.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, 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, 2011

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, 2011

M. Bond Premiums, Discounts, Gains/Losses on Refinancing and Issuance Costs

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond issuance costs and bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recorded as deferred charges and amortized over the term of the related debt.

Bond discounts on the capital appreciation bonds are deferred and accreted over the term of the bonds.

Any difference (gain/loss) on refunding is allocated over the life of the old debt or the new debt whichever is shorter.

On the governmental fund financial statements issuance costs, bond premiums, and bond discounts are recognized in the current period. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Internal Activity

Transfers within governmental activities on the government-wide statements are reported in the same manner as general revenues.

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.

O. 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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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.

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.

P. 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.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Q. 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.

R. 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.

S. 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 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 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the School District's financial statements.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Restatement of Prior Year's Fund Balance - Due to the implementation of GASB Statement No. 54, fund reclassification occurred for one fund that had previously been reported as a special revenue fund and is now being combined with the General Fund in accordance with the new standards. The effect of the change is as follows:

	General	Other Governmental Funds
Fund Balance (Deficit), June 30, 2010	(\$1,010,657)	\$46,828
Restatement, Fund Classification	21,768	(21,768)
Adjusted Fund Balance, (Deficit) June 30 2010	(\$988,889)	\$25,060

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).
4. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

Net Change in Fund Balance	<u>General</u>
GAAP Basis	\$953,893
Revenue Accruals	45,960
Advances In	43,656
Expenditure Accruals	(188,672)
Advances Out	(38,707)
Encumbrances	<u>(1,384)</u>
Budget Basis	<u><u>\$814,746</u></u>

NOTE 5 – FUND DEFICITS

At June 30, 2011, the following funds had deficit fund balances:

	<u>Deficit Fund Balance</u>
General Fund	\$34,996
Food Service	54,270
Miscellaneous State Grants	8,732

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 eliminated 4 assistant cook positions, one elementary cook position and one high school cook position.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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, 2011

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, \$1,847,276 of the School District's bank balance of \$2,678,968 was exposed to custodial risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money have been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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, 2011, 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	\$603	Avg 55 days	0.51%	AAA	S&P
STAR Ohio	118,170	Avg 58.3 days	99.49%	AAAm	S&P
Totals	<u>\$118,773</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, 2011

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, 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 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in 2011 with real property taxes.

Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities prior to 1995 was being phased down from 88 percent to 25 percent (in tax year 2007) over a three-year period. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes will be levied or collected after calendar year 2010 on local and inter-exchange telephone companies.

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, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property and tangible personal property taxes which were measurable as of June 30, 2011 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.

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, 2011

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$154,747,340	58.7%	\$155,706,230	55.5%
Public Utility Personal	108,832,240	41.3%	124,597,250	44.5%
	\$263,579,580	100.0%	\$280,303,480	100.0%
Tax Rate per \$1,000 of assessed valuation		\$28.00		\$27.90

NOTE 8 - RECEIVABLES

Receivables at June 30, 2011 consisted of interest, 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 \$565,245 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	\$129,159
Building Bridges	4,791
School Counselor	4,124
Title II-D	1,369
Title I	105,829
Education Jobs	78,862
Title II-A	45,104
State Preschool Grants	17,699
State Early Childhood Grants	8,530
21st Century Grants	5,913
Community Alternative Funding Source	11,314
Excess Costs from Other School Districts	171,197
Total Intergovernmental Receivables	\$583,891

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance at 6/30/10	Additions	Deletions	Balance at 6/30/11
Capital Assets - Not Depreciated:				
Land	\$597,049	\$0	\$0	\$597,049
Capital Assets - Depreciated:				
Land Improvements	962,893	0	0	962,893
Buildings and Improvements	17,659,509	0	0	17,659,509
Furniture and Equipment	954,950	18,697	(12,900)	960,747
Vehicles	1,913,227	0	0	1,913,227
Total Capital Assets - Depreciated	21,490,579	18,697	(12,900)	21,496,376
Less Accumulated Depreciation:				
Land Improvements	(777,619)	(10,705)	0	(788,324)
Buildings and Improvements	(9,158,009)	(301,584)	0	(9,459,593)
Furniture and Equipment	(755,220)	(47,504)	0	(802,724)
Vehicles	(1,346,046)	(133,974)	12,900	(1,467,120)
Total Accumulated Depreciation	(12,036,894)	(493,767)	12,900	(12,517,761)
Total Capital Assets - Depreciated, Net	9,453,685	(475,070)	0	8,978,615
Governmental Capital Assets, Net	\$10,050,734	(\$475,070)	\$0	\$9,575,664

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$161,928
Special	39,206
Vocational	29,434
Support Services:	
Instructional Staff	42,222
Board of Education	445
Administration	33,424
Operation and Maintenance of Plant	49,003
Pupil Transportation	128,889
Food Service Operations	4,369
Extracurricular Activities	4,847
Total Depreciation Expense	<u>\$493,767</u>

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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 2011 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 2011, the School District participated in the Ohio Schools Council Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). 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, 2011

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 contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2011, 11.77 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$263,710, \$363,384, and \$233,353 respectively; 100 percent has been contributed for fiscal year 2011, 58.3 percent for fiscal year 2010 and 100 percent for fiscal year 2009.

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 plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at 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 times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

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

Funding Policy - For the fiscal year ended June 30, 2011, 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 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were, \$1,207,325, \$1,203,803 and \$1,218,242 respectively; 71.17 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$14,609 made by the School District and \$11,344 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, 2011, two 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 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 System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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 401h. For 2011, 1.43 percent of covered payroll was allocated to health care and .04 percent was allocated to death benefits. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2011, this amount was \$35,800.

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, 2011, 2010, and 2009 were \$32,936, \$19,988, and \$106,793 respectively; 100 percent has been contributed for fiscal year 2011, 58.3 percent for fiscal year 2010 and 100 percent for fiscal year 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010 and 2009 were \$17,028, \$30,382, and \$19,254; 100 percent has been contributed for fiscal year 2011, 58.3 percent for fiscal year 2010 and 100 percent for fiscal year 2009.

B. State Teachers Retirement System

Plan Description – The School District contributes to 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. 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 or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$92,871, \$81,358 and \$84,067 respectively; 71.17 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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 \$1,217.53 to \$975.21 for family coverage and \$425.61 to \$342.06 for single coverage. The Plans vary by the amount of the co-pay, coinsurance and annual deductible. The Board pays 90 percent of the premium for family coverage and 89 percent of the premium for 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 \$54.24 for family coverage and 89 percent of \$16.47 for single coverage for the certified staff.

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 - LONG - TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2011 were as follows:

	Outstanding 6/30/10	Additions	Reductions	Outstanding 6/30/11	Amounts Due Within One Year
General Obligation Bonds:					
2003 School Improvement Refunding Bonds \$3,174,986					
Serial Bonds - \$1,875,000 @ 1.5%-3.75%	\$1,585,000	\$0	\$840,000	\$745,000	\$745,000
Premium - \$135,589	21,184	0	16,949	4,235	4,235
Refunding Difference - \$58,941	(9,207)	0	(7,368)	(1,839)	(1,839)
Total General Obligation Bonds	1,596,977	0	849,581	747,396	747,396
Compensated Absences	1,344,576	229,248	229,671	1,344,153	119,110
Total General Long-Term Obligations	\$2,941,553	\$229,248	\$1,079,252	\$2,091,549	\$866,506

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. The bonds were issued for an 8 year period with final maturity at December 1, 2011. At the date of refunding, \$3,233,941 (including premium and after underwriting fees, and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 1993 School Improvement Refunding Term Bonds. All of the term bonds were called and fully repaid.

These refunding bonds were issued with a premium of \$135,589. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of the

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

premium for fiscal year 2011 was \$16,949. The refunding bonds had issuance costs of \$76,807 and are being amortized over the life of the bonds using the straight-line method to deferred charges. The amortization of the issuance costs for fiscal year 2011 was \$9,601. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$58,941. This difference is being amortized to interest expense over the life of the bonds using the straight-line method. The fiscal year 2011 amortization was \$7,368.

The 2003 bond issue consisted of serial and capital appreciation bonds, whose outstanding value at June 30, 2011 are \$745,000 and \$0 respectively. These bonds are not subject to early redemption.

The final capital appreciation bonds for this issue matured December 1, 2009. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest was paid and the bond holder received the face value of the bond. There are no outstanding capital appreciation bonds remaining at June 30, 2011.

Principal and interest requirements to retire general obligation bonds for the 2003 School Improvement Refunding Bonds outstanding at June 30, 2011 are as follows:

<u>2003 School Improvement Refunding Bonds</u>		
<u>Serial Bonds</u>		
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2012	<u>\$745,000</u>	<u>\$13,968</u>

Compensated absences will be paid from the General Fund.

The School District's overall legal debt margin was \$25,153,365, with an unvoted debt margin of \$280,303 at June 30, 2011.

NOTE 15 – INTERNAL BALANCES AND TRANSFERS

A. Interfund Balances

Interfund balances at June 30, 2011 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>\$38,707</u>

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

B. Transfers

Interfund transfers for the year ended June 30, 2011 consisted of the following:

	Transfers to
<u>Transfers from</u>	Other Non-major
General Fund	Governmental
	\$121,318

The transfers were used to provide revenue to the Food Service Fund to cover operating costs due to insufficient user charges.

NOTE 16 - 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 2011, 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 - 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 2011, the total amount paid to OME-RESA from the School District was \$185,676 for cooperative gas purchasing services, \$14,830 for technology services and \$35,822 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 2011.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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), 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 (Council) – The Ohio Schools Council is a jointly governed organization among 157 school districts, educational service centers, joint vocational districts, and developmental disabilities boards. The purpose of the Council is cooperative purchasing, and various purchasing programs are offered. Each participant supports the Council 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 Council. The Board appoints an Executive Director to oversee operations of the Council. In fiscal year 2011, the School District paid \$296 to the Council. 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 17 – 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 2011, the School District's enrollment fee of \$1,700 was paid to Sheakley.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 18 - 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 purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

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, 2011 this is all that continues to be set aside.

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

	<u>Textbooks</u>	<u>Improvements</u>	<u>Stabilization</u>
Set-aside Restricted Balance as of June 30, 2010	\$0	\$11,532	\$115,961
Current Year Set-aside Requirement	289,875	289,875	0
Excess Qualified Expenditures from Prior Years	(10,668)	0	0
Current Year Qualifying Expenditures	<u>(279,207)</u>	<u>(423,866)</u>	<u>0</u>
Totals	<u>\$0</u>	<u>(\$122,459)</u>	<u>\$115,961</u>
Balance Carried Forward to Fiscal Year 2012	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Set-aside Restricted Balance as of June 30, 2011	<u>\$0</u>	<u>\$0</u>	<u>\$115,961</u>

The School District had qualifying disbursements in the current and prior fiscal years that reduced the textbook set-aside amount to zero. Effective July 1, 2011, House Bill 30, the "Unfunded Mandates Relief Act", eliminates the requirement that school districts annually set aside an amount per pupil into a textbook and instructional materials fund.

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 three set-asides at the end of the fiscal year was \$115,961.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 19 – 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, 2011.

B. Litigation

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

NOTE 20 - SUBSEQUENT EVENTS

On April 25, 2011, the Board of Education approved a resolution that will be effective beginning with school year 2012. The Board of Education voted to close the South Elementary School building located in Yorkville, Ohio; the North Elementary School building located in Brilliant, Ohio; and the Northwest Elementary School building located in Smithfield, Ohio. Students attending those school buildings are being relocated to South Elementary School building, formerly known as South West Middle School building which had previously been closed, and is located in Tiltonsville, Ohio; North Elementary School building, formerly known as North Middle School building which had previously been closed, and is located in Brilliant, Ohio; and West Elementary School building in Adena, Ohio.

**BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster				
Non Cash Assistance:				
National School Lunch Program	03-PU-11	10.555	\$29,936	\$29,936
Cash Assitance:				
National School Lunch Program	04-PU-11	10.555	\$404,015	404,015
National School Breakfast Program	05-PU-11	10.553	<u>122,990</u>	<u>122,990</u>
Cash Assistance Subtotal			527,005	527,005
Total U.S. Department of Agriculture - Nutrition Cluster (Cash and Non-Cash)			556,941	556,941
U.S. DEPARTMENT OF EDUCATION				
School Counselor Grant	Q215E080068	84.215E	4,829 299,567	4,829 299,567
Building Bridges Grant	Q215M100019	84.215M	<u>112,486</u>	<u>112,486</u>
			416,882	416,882
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education Grants to States Title VI-B Flow Through	6B-SF-10 6B-SF-11	84.027	53,598 432,196	53,598 432,159
ARRA		84.391	49,039	49,434
ARRA			<u>145,014</u>	<u>156,146</u>
Total Title VI B			679,847	691,337
Special Education - Preschool Grant	PG-S1-11	84.173	20,640	20,638
ARRA	2010	84.392		1,847
ARRA	2011		<u>5,296</u>	<u>6,283</u>
Total Special Education			25,936	28,768
Total Special Education Cluster			705,783	720,105
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-10 C1-S1-11	84.010	135,041 631,845	143,190 623,583
ARRA	2010	84.389		15,933
ARRA	2011		<u>200,193</u>	<u>207,320</u>
Total Title I			967,079	990,026
School Improvement Grant		84.377	<u>4,368</u>	<u>10,085</u>
Total School Improvement Grant			4,368	10,085
Drug-Free Schools Grant	DR-S1-10	84.186	<u>828</u>	<u>2,656</u>
			828	2,656
Title II A - Improving Teacher Quality	TR-S1-10 TR-S1-11	84.367	34,306 <u>130,281</u>	34,306 <u>140,754</u>
Total Title II A			164,587	175,060

BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
Title II D - Education Technology State Grants	TJ-S1-10	84.318	2,908	2,908
	TJ-S1-11		2,394	2,476
ARRA	2010	84.386	7,085	7,085
ARRA	2011		<u>179,913</u>	<u>181,282</u>
Total Title II D			192,300	193,751
ARRA Budget Stabilization		84.394	759,761	759,761
21st Century Grant	T1-S1-10	84.287		3,855
	T1-S1-11		<u>194,086</u>	<u>198,317</u>
			194,086	202,172
Education Jobs		84.410	430,067	429,551
Total Department of Education			<u>3,835,741</u>	<u>3,900,049</u>
Total Federal Financial Assistance			<u>\$4,392,682</u>	<u>\$4,456,990</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 EXPENDITURES SCHEDULE
JUNE 30, 2011**

A. SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (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 Government 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, 2011, the District had no significant food commodities in inventory.

THIS PAGE INTENTIONALLY LEFT BLANK.



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, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 3, 2011. Where we noted the District implemented Governmental Accounting Board Statement No. 54. 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 Government'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*.

We did note a certain noncompliance or other matters that we reported to the District's management in a separate letter dated November 3, 2011.

We intend this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities and other 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 "D" and "Y".

Dave Yost
Auditor of State

November 3, 2011



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 apply to each of its major federal programs for the year ended June 30, 2011. 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 express an opinion on the District's compliance based on our audit.

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

In our opinion, Buckeye Local School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2011. We noted matters involving federal compliance not requiring inclusion in this report that we reported to the district's management in a separate letter dated November 3, 2011.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance and to test an 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.

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.auditor.state.oh.us

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

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

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone 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 "D" and "Y".

Dave Yost
Auditor of State

November 3, 2011

**BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

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 Special Education Cluster 84.027,84.391, 84.173 & 84.392 ARRA Budget Stabilization Grant 84.394 Nutrition Cluster 10.555 and 10.553 Education Jobs 84.410 Improvement of Education 84.215E 84.215M
<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?	No

**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

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

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

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

1. We noted the Board of Education amended its anti-harassment policy at its meeting on November 22, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

November 3, 2011

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.auditor.state.oh.us

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
FEBRUARY 7, 2012**