



Dave Yost • Auditor of State



**BUCKEYE LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Buckeye Local School District  
Ashtabula County  
3436 Edgewood Drive  
Ashtabula, Ohio 44004

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, Ashtabula 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.

As further described in Note 3 to the basic financial statements, the District restated its July 1, 2010 governmental fund balances due to changes in fund structure as a result of implementing Governmental Accounting Standards Board (GASB) Statement 54.

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, Ashtabula 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 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.

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

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



**Dave Yost**  
Auditor of State

December 13, 2011

**Buckeye Local School District**  
Ashtabula County

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

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The discussion and analysis of Buckeye Local School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the 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 District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2011 are as follows:

*Overall:*

- For governmental activities, net assets increased \$923,255, which represents an 11.6 percent increase from fiscal year 2010.
- General revenues accounted for \$16,828,598 in revenue or 82.2 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,641,692 or 17.8 percent of total governmental revenues of \$20,470,290.
- The District had \$19,547,035 in expenses related to governmental activities; only \$3,641,692 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$16,828,598 were adequate to provide for these programs.
- The general fund had \$17,697,606 in revenues and \$16,745,911 in expenditures on a modified accrual basis. The general fund's fund balance increased \$965,470 to \$6,408,175, from \$5,442,705 in fiscal year 2010, an increase of 17.7 percent.

**Using these Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand 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.

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

**Reporting the District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include *all assets* and *liabilities* using the *accrual basis*

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

In the Statement of Net Assets and the Statement of Activities, the District has only one kind of activity:

- **Governmental Activities** - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. Due to the continuing subsidies that go to the lunchroom fund from the general fund, the lunchroom operation is also being considered as governmental activities.

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

*Fund Financial Statements*

The analysis of the District's major funds begins on page 14. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these financial statements focus on the District's most significant funds. The District's major governmental fund is the general fund.

**Governmental Funds** Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual*, 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 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 difference) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The School District's fiduciary funds are private purpose trust and agency.



**Buckeye Local School District**  
Ashtabula County

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**The District as a Whole**

Table 1 shows net assets for fiscal year 2011 as compared to fiscal year 2010.

**Table 1**

	2011 Governmental Activities	2010 Governmental Activities	Increase (Decrease)
<b>Assets:</b>			
Current and Other Assets	\$13,895,093	\$13,268,643	\$626,450
Capital Asset, Net of Accumulated Depreciation	2,213,652	2,529,710	(316,058)
<i>Total Assets</i>	<u>16,108,745</u>	<u>15,798,353</u>	<u>310,392</u>
<b>Liabilities:</b>			
Current Liabilities	6,094,256	6,413,683	(319,427)
Long-term Liabilities:			
Due within One Year	122,945	189,773	(66,828)
Due in More than One Year	997,173	1,223,781	(226,608)
<i>Total Liabilities</i>	<u>7,214,374</u>	<u>7,827,237</u>	<u>(612,863)</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Debt	2,084,342	2,233,479	(149,137)
Restricted	1,109,678	1,109,888	(210)
Unrestricted	5,700,351	4,627,749	1,072,602
<i>Total Net Assets</i>	<u>\$8,894,371</u>	<u>\$7,971,116</u>	<u>\$923,255</u>

Total assets increased by \$310,392. This increase can be attributed to an overall increase in cash and cash equivalents on hand due to an overall decrease in expenditures from the prior fiscal year.

Total liabilities decreased by \$612,863. This decrease was due mostly to the principal owed on the energy conservation notes and capital leases decreasing as a result of payments being made on these obligations. Long-term compensated absences also decreased significantly due to fifteen employees retiring at the end of the year.

By comparing assets and liabilities, one can see the overall position of the School District has improved as evidenced by the increase in net assets of \$923,255.

The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$16,828,598 or 82.2 percent of the total revenue. The most significant portion of the general revenue is intergovernmental receipts and local property tax. The remaining amount of revenue received was in the form of program revenues, which equaled \$3,641,692 or 17.8 percent of total revenue.

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**Table 2**  
Change in Net Assets  
Governmental Activities

	2011	2010	Increase (Decrease)
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services and Sales	\$2,061,069	\$1,691,764	\$369,305
Operating Grants and Contributions	1,580,623	1,722,798	(142,175)
<i>Total Program Revenues</i>	<u>3,641,692</u>	<u>3,414,562</u>	<u>227,130</u>
<b>General Revenues</b>			
Property Taxes	6,762,898	7,170,370	(407,472)
Intergovernmental	10,010,503	10,262,289	(251,786)
Investment Earnings	40,063	39,754	309
Miscellaneous	15,134	24,226	(9,092)
<i>Total General Revenues</i>	<u>16,828,598</u>	<u>17,496,639</u>	<u>(668,041)</u>
<i>Total Revenues</i>	<u>20,470,290</u>	<u>20,911,201</u>	<u>(440,911)</u>
<b>Program Expenses</b>			
Current:			
Instruction:			
Regular	9,744,812	10,562,667	(817,855)
Special	2,144,249	1,940,735	203,514
Vocational	323,149	246,290	76,859
Adult/Continuing	4,912	4,495	417
Support Services:			
Pupil	588,800	607,464	(18,664)
Instructional Staff	413,774	411,145	2,629
Board of Education	28,283	27,720	563
Administration	1,321,417	1,333,438	(12,021)
Fiscal	515,593	524,620	(9,027)
Business	84,755	95,780	(11,025)
Operation and Maintenance of Plant	1,876,170	2,057,929	(181,759)
Pupil Transportation	1,043,042	1,361,788	(318,746)
Central	65,397	43,667	21,730
Operation of Non-Instructional Services	8,629	6,652	1,977
Operation of Food Services	883,117	869,208	13,909
Extracurricular Activities	493,722	486,371	7,351
Interest and Fiscal Charges	7,214	23,773	(16,559)
<i>Total Program Expenses</i>	<u>19,547,035</u>	<u>20,603,742</u>	<u>(1,056,707)</u>
<i>Increase in Net Assets</i>	923,255	307,459	615,796
Net Assets Beginning of Year	7,971,116	7,663,657	307,459
<i>Net Assets End of Year</i>	<u>\$8,894,371</u>	<u>\$7,971,116</u>	<u>\$923,255</u>

**Buckeye Local School District**  
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*Management's Discussion and Analysis*  
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The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to voters to maintain a constant level of service. Property taxes made up 33.0 percent of governmental activities revenue for Buckeye Local School District in fiscal year 2011, a decrease of approximately 1.3 percent from fiscal year 2010. The decrease in tax revenue is the result of the phase-out of personal property taxes; however, the School District is being reimbursed for this loss in the form of distributions from the State during the "hold harmless" period.

**Governmental Activities**

Total net assets of the School District increased \$923,255 during fiscal year 2011. The governmental expenses of \$19,547,035 were offset by program revenues of \$3,641,692 and general revenues of \$16,828,598. Program revenues supported 18.6 percent of the total governmental activities expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 81.9 percent of total governmental revenue.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services.

**Table 3**  
Total and Net Cost of Program Services

	2011		2010	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Program Expenses</b>				
Instruction	\$12,217,122	\$10,306,076	\$12,754,187	\$11,019,309
Support Services:				
Pupil	588,800	537,504	607,464	570,840
Instructional Staff	413,774	276,295	411,145	228,386
Board of Education	28,283	25,681	27,720	25,969
Administration	1,321,417	1,200,846	1,333,438	1,248,768
Fiscal	515,593	469,593	524,620	491,793
Business	84,755	77,015	95,780	69,254
Operation and Maintenance of Plant	1,876,170	1,722,278	2,057,929	1,927,639
Pupil Transportation	1,043,042	959,353	1,361,788	1,293,618
Central	65,397	54,837	43,667	36,224
Operation of Non-Instructional Services	8,629	8,629	6,652	3,524
Food Service Operation	883,117	(29,974)	869,208	(59,683)
Extracurricular Activities	493,722	289,996	486,371	309,766
Interest and Fiscal Charges	7,214	7,214	23,773	23,773
<b>Total Expenditures</b>	<b>\$19,547,035</b>	<b>\$15,905,343</b>	<b>\$20,603,742</b>	<b>\$17,189,180</b>

**Buckeye Local School District**  
Ashtabula County

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

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The dependence upon general tax revenues for governmental activities is apparent. Over 55 percent of instruction activities are supported through property taxes alone. For all governmental activities, general revenue and prior year cash balance support all expenses as shown in the above table. The community, as a whole, is by far the primary support for Buckeye Local School District students.

***The District's Funds***

Information regarding the School District's major funds begins on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$20,636,650 to offset expenditures of \$19,542,756. The net change in fund balance for the year was most significant in the general fund, which increased \$965,470. As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, intergovernmental revenue and property taxes are the largest revenue sources, accounting for more than 89 percent of total governmental revenue. Clearly, the community is the greatest source of financial support for the students of the Buckeye Local School District.

***General Fund Budgeting Highlights***

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2011 the District amended its General Fund budget several times. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, actual revenue, including other financing sources, was \$17,768,518, which was \$1,870 more than the final budgeted revenue of \$17,766,648 and \$12,240 less than the original budget estimate of \$17,780,758. The District continues to use a conservative approach of estimating revenue and these variances are well within reason for an entire year of budgeting.

Total actual expenditures, including other financing uses, were \$17,024,676, which equaled final budgeted expenditures of \$17,024,676 and \$1,813,706 less than original budgeted expenditures of \$18,838,382. The variance from the original estimate is the result of a conservative approach to budgeting.

***Capital Assets and Debt Administration***

***Capital Assets***

At the end of fiscal year 2011, the School District had \$2,213,652 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles and textbooks.

**Buckeye Local School District**  
Ashtabula County

*Management's Discussion and Analysis*  
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Table 4 shows fiscal year 2011 balances compared to fiscal year 2010:

**Table 4**  
Capital Assets at June 30 (Net of Depreciation)

	<u>2011</u>	<u>2010</u>
Land	\$402,305	\$402,305
Land Improvements	45,475	48,961
Buildings and Improvements	744,825	569,516
Furniture, Fixtures and Equipment	366,109	628,706
Vehicles	584,005	674,239
Textbooks	70,933	205,983
<i>Total</i>	<u>\$2,213,652</u>	<u>\$2,529,710</u>

All capital assets, except land, are reported net of depreciation. As one can see, the School District had an overall decrease in capital assets of \$316,058. The decrease is due to current year depreciation of \$519,593 and net deletions of \$117,670 exceeding current year additions of \$321,205. For more information about the School District's capital assets, see Note 9 to the basic financial statements.

***Set-Aside Requirements***

In fiscal year 1999, a change in Ohio law required school districts to set aside two percent of certain revenues for capital improvements and an additional two-percent for textbooks; this amount was increased to three percent beginning in fiscal year 2000. For fiscal year 2011, the set-aside requirement was \$303,236 for each set aside. During fiscal year 2011, the District spent more than the required set-aside amount for capital improvements. For more information about the School District's set-aside requirements, see Note 20 to the basic financial statements.

***Debt***

At June 30, 2011, the School District had one energy conservation bond outstanding in the amount of \$55,000, as compared to \$110,000 at June 30, 2010. All \$55,000 is due within one year and the bond will be paid in full during the next fiscal year.

At June 30, 2011, the School District had two capital lease obligations outstanding in the amount of \$74,310, as compared to \$186,231 at June 30, 2010. Of this total, \$28,618 is due within one year and \$45,692 is due in more than one year.

***Current Financial Related Activities***

Buckeye Local School District has maintained financial stability. As the preceding information shows, the District depends on its property taxpayers as well as state funding for its revenue sources. With the passage of a 6.5 mill continuous operating levy in 2005, the District has been able to continue its education programs. However, financially the future is not without its challenges.

State law fixes the amount of tax revenue, forcing it to remain constant except for increases in valuation due to new construction in the District. Thus management must diligently plan expenses, staying carefully within the District's five-year forecast.

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

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In fiscal year 2011, the District achieved, for the fifth fiscal year, total expenditures less than total revenue in the general fund resulting in an excess of revenue over expenditures in the amount of \$951,695. However, with its major sources of revenue not keeping pace with expenditure increases, the District must seek additional tax revenue to continue current operations. The District cannot look to the State of Ohio for increased revenue.

A new funding plan was introduced in fiscal year 2010 that promises to address what the Supreme Court said must be done to achieve a constitutionally mandated "thorough and efficient" system of schools. In the current two-year state budget, Buckeye was initially projected to see significant increases in State funding; however, due to funding gain caps the District will see little to no increase. Thus, both taxes and State revenue are fixed or declining.

The scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In an effort to address projected State funding reductions, the Buckeye Board of Education approved an expenditure reduction plan. Additionally, the board approved to close North Kingsville Elementary School at the conclusion of the 2010-2011 school year and move the 6th grade to Braden Junior High for the 2011-2012 school year.

In addition, the District's systems of budgeting and internal controls are well regarded. All of the District's financial abilities will be required to meet the challenges of the future.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sherry Wentworth, Treasurer, at Buckeye Local School District, 3436 Edgewood Drive, Ashtabula, Ohio 44004.

**Buckeye Local School District**

Ashtabula County, Ohio

*Statement of Net Assets**June 30, 2011*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$6,194,681
Accounts Receivable	210
Intergovernmental Receivable	160,559
Property Taxes Receivable	7,368,106
Inventory Held for Resale	22,371
Materials and Supplies Inventory	96,610
Prepaid Items	52,556
Nondepreciable Capital Assets	402,305
Depreciable Capital Assets, Net	1,811,347
<i>Total Assets</i>	<u>16,108,745</u>
<b>Liabilities</b>	
Accounts Payable	25,481
Accrued Wages and Benefits Payable	1,167,013
Intergovernmental Payable	420,766
Matured Compensated Absences Payable	253,049
Deferred Revenue	3,762,519
Accrued Interest Payable	3,051
Claims Payable	462,377
Long-Term Liabilities:	
Due Within One Year	122,945
Due In More Than One Year	997,173
<i>Total Liabilities</i>	<u>7,214,374</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	2,084,342
Restricted for:	
Capital Projects	632,875
Food Service Operation	127,088
Other Purposes	168,085
Set-asides	181,630
Unrestricted	5,700,351
<i>Total Net Assets</i>	<u>\$8,894,371</u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**

Ashtabula County, Ohio

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2011*

	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions		
<b>Governmental Activities</b>					
Current:					
Instruction:					
Regular	\$9,744,812	\$818,392	\$557,029	\$0	(\$8,369,391)
Special	2,144,249	160,797	341,173	0	(1,642,279)
Vocational	323,149	29,255	0	0	(293,894)
Adult/Continuing	4,912	0	4,400	0	(512)
Support Services:					
Pupils	588,800	51,296	0	0	(537,504)
Instructional Staff	413,774	16,127	121,352	0	(276,295)
Board of Education	28,283	2,602	0	0	(25,681)
Administration	1,321,417	120,571	0	0	(1,200,846)
Fiscal	515,593	46,000	0	0	(469,593)
Business	84,755	7,740	0	0	(77,015)
Operation and Maintenance of Plant	1,876,170	153,892	0	0	(1,722,278)
Pupil Transportation	1,043,042	83,689	0	0	(959,353)
Central	65,397	5,560	5,000	0	(54,837)
Operation of Non-Instructional Services	8,629	0	0	0	(8,629)
Operation of Food Services	883,117	369,695	543,396	0	29,974
Extracurricular Activities	493,722	195,453	8,273	0	(289,996)
Interest and Fiscal Charges	7,214	0	0	0	(7,214)
<b>Total Governmental Activities</b>	<b>\$19,547,035</b>	<b>\$2,061,069</b>	<b>\$1,580,623</b>	<b>\$0</b>	<b>(15,905,343)</b>

**General Revenues**

Property Taxes Levied for:

General Purposes	6,261,976
Debt Service	58,816
Capital Outlay	442,106
Grants and Entitlements not Restricted to Specific Programs	10,010,503
Investment Earnings	40,063
Miscellaneous	15,134

**Total General Revenues** 16,828,598

Change in Net Assets 923,255

*Net Assets Beginning of Year* 7,971,116

***Net Assets End of Year*** \$8,894,371

See accompanying notes to the basic financial statements



**Buckeye Local School District**  
Ashtabula County, Ohio

*Balance Sheet*  
*Governmental Funds*  
*June 30, 2011*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$5,361,399	\$651,652	\$6,013,051
Accounts Receivable	210	0	210
Interfund Receivable	18,213	0	18,213
Intergovernmental Receivable	12,338	148,221	160,559
Property Taxes Receivable	6,876,209	491,897	7,368,106
Inventory Held for Resale	0	22,371	22,371
Materials and Supplies Inventory	93,560	3,050	96,610
Prepaid Items	52,556	0	52,556
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	181,630	0	181,630
<i>Total Assets</i>	<u>\$12,596,115</u>	<u>\$1,317,191</u>	<u>\$13,913,306</u>
<b>Liabilities</b>			
Accounts Payable	\$19,898	\$5,583	\$25,481
Accrued Wages and Benefits Payable	1,115,240	51,773	1,167,013
Intergovernmental Payable	406,663	14,103	420,766
Matured Compensated Absences Payable	253,049	0	253,049
Interfund Payable	0	18,213	18,213
Deferred Revenue	3,930,713	413,242	4,343,955
Claims Payable	462,377	0	462,377
<i>Total Liabilities</i>	<u>6,187,940</u>	<u>502,914</u>	<u>6,690,854</u>
<b>Fund Balances</b>			
Nonspendable	146,116	25,421	171,537
Restricted	181,630	462,216	643,846
Committed	462,377	338,575	800,952
Assigned	72,509	0	72,509
Unassigned (Deficit)	5,545,543	(11,935)	5,533,608
<i>Total Fund Balances</i>	<u>6,408,175</u>	<u>814,277</u>	<u>7,222,452</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$12,596,115</u>	<u>\$1,317,191</u>	<u>\$13,913,306</u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
Ashtabula County, Ohio

*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
June 30, 2011*

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<b>Total Governmental Fund Balances</b>	<b>\$7,222,452</b>
 <b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,213,652
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property Taxes	455,032
Grants	<u>126,404</u>
Total	581,436
In the statement of activities, interest is accrued on outstanding general obligation bonds and leases, whereas in governmental funds, an interest expenditure is reported when due.	(3,051)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Energy Conservation Bonds	(55,000)
Capital Leases Payable	(74,310)
Compensated Absences	<u>(990,808)</u>
Total	<u>(1,120,118)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$8,894,371</u></u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
Ashtabula County, Ohio

*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2011*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$6,300,531	\$505,432	\$6,805,963
Tuition and Fees	1,521,855	0	1,521,855
Interest	37,958	2,105	40,063
Charges for Services	0	369,695	369,695
Extracurricular Activities	0	165,838	165,838
Rentals	3,681	0	3,681
Contributions and Donations	1,350	13,173	14,523
Intergovernmental	9,817,097	1,869,026	11,686,123
Miscellaneous	15,134	0	15,134
<i>Total Revenues</i>	<u>17,697,606</u>	<u>2,925,269</u>	<u>20,622,875</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	8,961,595	578,072	9,539,667
Special	1,780,166	395,796	2,175,962
Vocational	278,036	0	278,036
Adult/Continuing	0	4,900	4,900
Support Services:			
Pupils	554,890	0	554,890
Instructional Staff	173,653	135,261	308,914
Board of Education	28,211	0	28,211
Administration	1,330,027	2,550	1,332,577
Fiscal	498,218	15,491	513,709
Business	85,218	600	85,818
Operation and Maintenance of Plant	1,654,691	153,227	1,807,918
Pupil Transportation	912,918	9,045	921,963
Central	60,285	5,000	65,285
Operation of Food Services	0	884,272	884,272
Extracurricular Activities	321,098	168,064	489,162
Capital Outlay	106,905	265,864	372,769
Debt Service:			
Principal Retirement	0	166,921	166,921
Interest and Fiscal Charges	0	11,782	11,782
<i>Total Expenditures</i>	<u>16,745,911</u>	<u>2,796,845</u>	<u>19,542,756</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	951,695	128,424	1,080,119
<b>Other Financing Sources</b>			
Proceeds from Sale of Capital Assets	13,775	0	13,775
<i>Net Change in Fund Balances</i>	965,470	128,424	1,093,894
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	5,442,705	685,853	6,128,558
<i>Fund Balances End of Year</i>	<u>\$6,408,175</u>	<u>\$814,277</u>	<u>\$7,222,452</u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**

Ashtabula County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2011*

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<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$1,093,894</b>
<b><i>Amounts reported for governmental activities in the statement of activities are different because</i></b>		
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 exceeded capital outlay in the current period.		
Capital Outlay	321,205	
Current Year Depreciation	<u>(519,593)</u>	
Total		(198,388)
The net effect of various transactions involving capital assets (i.e.; disposals, sales and donations) is a reduction in net assets.		
Assets Disposed	(895,467)	
Accumulated Depreciation on Disposals	<u>777,797</u>	
Total		(117,670)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(43,065)	
Grants	<u>(109,520)</u>	
Total		(152,585)
Repayment of long-term debt and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		166,921
Some expenses reported in the statement of activities, such as accrued interest on bonds and leases, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		4,568
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>126,515</u>
<i>Change in Net Assets of Governmental Activities</i>		<u><u>\$923,255</u></u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
Ashtabula County, Ohio

*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*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$6,663,286	\$6,340,388	\$6,340,388	\$0
Tuition and Fees	1,483,691	1,523,039	1,523,251	212
Interest	35,362	36,300	37,958	1,658
Rentals	4,355	4,471	4,471	0
Contributions and Donations	1,315	1,350	1,350	0
Intergovernmental	9,559,751	9,813,278	9,813,278	0
Miscellaneous	14,136	15,185	15,185	0
<i>Total Revenues</i>	<u>17,761,896</u>	<u>17,734,011</u>	<u>17,735,881</u>	<u>1,870</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	9,899,205	9,007,503	9,007,503	0
Special	1,840,315	1,798,882	1,798,882	0
Vocational	292,340	279,272	279,272	0
Adult/Continuing	1,000	0	0	0
Support Services:				
Pupils	619,219	561,322	561,322	0
Instructional Staff	227,116	175,635	175,635	0
Board of Education	35,556	26,181	26,181	0
Administration	1,502,101	1,326,431	1,326,431	0
Fiscal	567,889	507,838	507,838	0
Business	99,976	85,793	85,793	0
Operation and Maintenance of Plant	2,284,011	1,824,882	1,824,882	0
Pupil Transportation	849,536	922,159	922,159	0
Central	82,642	60,504	60,504	0
Extracurricular Activities	378,279	323,156	323,156	0
Capital Outlay	159,197	106,905	106,905	0
<i>Total Expenditures</i>	<u>18,838,382</u>	<u>17,006,463</u>	<u>17,006,463</u>	<u>0</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	<u>(1,076,486)</u>	<u>727,548</u>	<u>729,418</u>	<u>1,870</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	0	13,775	13,775	0
Advances In	18,862	18,862	18,862	0
Advances Out	0	(18,213)	(18,213)	0
<i>Total Other Financing Sources (Uses)</i>	<u>18,862</u>	<u>14,424</u>	<u>14,424</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(1,057,624)</u>	<u>741,972</u>	<u>743,842</u>	<u>1,870</u>
<i>Fund Balance Beginning of Year - Restated (See Note 3)</i>	<u>4,375,740</u>	<u>4,375,740</u>	<u>4,375,740</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>275,158</u>	<u>275,158</u>	<u>275,158</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,593,274</u></u>	<u><u>\$5,392,870</u></u>	<u><u>\$5,394,740</u></u>	<u><u>\$1,870</u></u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
Ashtabula County, Ohio

*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*June 30, 2011*

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	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$112,087	<u>\$38,366</u>
<b>Liabilities</b>		
Due to Students	<u>0</u>	<u>\$38,366</u>
<b>Net Assets</b>		
Held in Trust for Scholarships	<u>\$112,087</u>	

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
Ashtabula County, Ohio

*Statement of Changes in Fiduciary Net Assets*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2011*

	<u>Scholarship</u>
<b>Additions</b>	
Interest	\$39
Contributions and Donations	<u>82,266</u>
<i>Total Additions</i>	82,305
<b>Deductions</b>	
Scholarships Awarded	<u>1,250</u>
<i>Change in Net Assets</i>	81,055
<i>Net Assets Beginning of Year</i>	<u>31,032</u>
<i>Net Assets End of Year</i>	<u><u>\$112,087</u></u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 1 – Description of the School District and Reporting Entity**

The District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local district as defined by Section 3311 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of July 1, 2011 was 1,930. The District employed 148 certified employees and 88 non-certificated employees. The District is supervised by the Ashtabula County Educational Service Center, a separate entity.

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

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities and functions for which the District is financially accountable. This report includes all activities considered by management to be part of the District by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the District over which the District is financially accountable.



**Buckeye Local School District**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 2 – Summary of Significant Accounting Policies**

The financial statements of the Buckeye Local School District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standard Board (FASB) statements and interpretations issued after November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

**A. 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. The School District has no proprietary funds.

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

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

The other governmental funds of the District account for grants and other resources, and capital projects of the District whose uses are restricted, committed or assigned to a particular purpose.

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

**B. 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 statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal 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.

**Buckeye Local School District**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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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, with certain limited exceptions. 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.

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

**C. 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 and the statements for the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual bases 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 values, 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 sixty days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). 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 fiscal year-end: property taxes available as an advance, interest, tuition, grants, fees and rentals.

**Deferred Revenue** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

**Buckeye Local School District**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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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.

**D. Budget and Budgetary Accounting**

All governmental fund types are subject to annual expenditure budgets. The Board follows the procedures outlined below in establishing the expenditure budget data reported in the basic financial statements:

**Tax Budget** A tax budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20th of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at its regular board meeting in January. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

**Estimated Resources** The County Budget Commission certifies its actions to the District by March 1st. As part of this certification, the District receives the Official Certificate of Estimated Resources, which states the projected receipts of each fund. During the month of July, this certificate is amended to include any unencumbered balances from the preceding fiscal year.

**Appropriations** An annual appropriation measure must be passed by the Board of Education by October 1st of each year for the period July 1st to June 30th. Unencumbered appropriations lapse at year-end and the encumbered balance is carried forward to the succeeding fiscal year and need not be re-appropriated. The Board of Education usually adopts temporary appropriations at its regular board meeting in June. The Annual Appropriation Resolution is usually adopted at the September regular board meeting. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the object level.

**Encumbrances** As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

**Lapsing of Appropriations** At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**Buckeye Local School District**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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***E. Cash and Investments***

Cash received by the District is pooled in a central bank account with individual fund balance integrity maintained throughout. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments." During the fiscal year, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio).

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2011.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. For the District, all investment earnings accrue to the General Fund, the Food Service special revenue fund, the Special Trust special revenue fund, the Capital Projects Reserve capital projects fund and the Private-Purpose Trust Fund, as authorized by board resolution. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$37,958, which includes \$1,753 assigned from other District funds.

***F. Inventories***

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

***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. Capital Assets***

The School District's only capital assets are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the 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's capitalization threshold is one thousand dollars for the current the fiscal year. The School District does not possess any infrastructure. Improvements are capitalized; the costs of

**Buckeye Local School District**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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 Improvements	20 years
Buildings and Improvements	20 - 50 years
Furniture	20 years
Equipment	5 - 20 years
Fixtures	15 years
Vehicles	8 - 10 years
Textbooks	5 - 10 years

***I. Interfund Balances***

On the fund financial statements, receivables and payables resulting short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental columns of the statement of net assets.

***J. Interfund Activity***

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

***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 School District 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 all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified employees with five years of service and certified employees with ten years of service.

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On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund or funds from which the employees who have accumulated the leave are 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 are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due.

**M. Fund Balance**

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

**Nonspendable** The nonspendable fund balance 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" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

**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.

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

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted 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 District Board of Education.

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**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 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.

***N. 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 enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports restricted net assets of \$1,109,678, none of which is restricted by enabling legislation. Net assets restricted for other purposes include operation of instructional services, food service operations and extracurricular activities.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The net assets held in trust for scholarships signify the legal restrictions on the use of principal.

***O. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2011.

***P. Estimates***

The preparation of the 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.

**Note 3 – Change in Accounting Principle and Restatement of Fund Balance**

***A. Change in Accounting Principle***

For fiscal year 2011, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” and GASB Statement No. 59 “Financial Instruments Omnibus”.

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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 compromise 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 District's financial statements.

GASB Statement No. 59 improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice, by improving the consistency of measurements and by providing clarification of existing standards. The implementation of GASB Statement No. 59 did not have any affect on the District's financial statements.

**B. Restatement of Prior Year Fund Balance**

	General	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balance at June 30, 2010	\$5,369,811	\$758,747	\$6,128,558
Change in Fund Structure (GASB 54)	72,894	(72,894)	0
Adjusted Fund Balance at June 30, 2010	\$5,442,705	\$685,853	\$6,128,558

**Note 4 – Fund Deficits**

Fund balances at June 30, 2011 included the following individual fund deficits:

Nonmajor Governmental Funds:	Deficit
Fiscal Stabilization	\$9,652
Improving Teacher Quality	2,283

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

**Note 5 – Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).



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2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
  3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed or assigned fund balances (GAAP basis).
  4. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund:

	Net Change in Fund Balance	
GAAP Basis		\$965,470
Net Adjustment for Revenue Accruals		38,275
Advances In		18,862
Advances Out		(18,213)
Net Adjustment for Expenditure Accruals		(112,263)
Adjustment for Encumbrances		(148,289)
Budget Basis		<u><u>\$743,842</u></u>

**Note 6 – Deposits and Investments**

Monies held by the School District are classified by State statute into three categories. Active deposits are public deposits 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 withdrawals on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim deposits are deposits of interim monies. Interim monies are those monies that 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 Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing

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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 or Ohio local government;
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) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio);
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.

**Deposits**

**Custodial Credit Risk** 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 possession of an outside party. At June 30<sup>th</sup>, the carrying amount of all School District deposits was \$6,219,053, while \$5,078,177 of the School District's bank balance of \$6,314,373 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial risk beyond the requirement 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 give percent of the deposited being secured.

**Investments**

As of June 30, 2011, the School District had the following investments. All investments are in an internal investment pool.

	Fair Value	Maturity
Non-categorized Investments:		
STAR Ohio	\$126,081	Six Months or Less
Total Investments	\$126,081	

**Buckeye Local School District**  
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*Interest Rate Risk* The School District has no investment policy that addresses the interest rate risk. 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. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

*Credit Risk* STAR Ohio carries a rating of AAAM by Standard & Pool's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

*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. At June 30, 2011, STAROhio represented 100 percent of all District investments.

**Reconciliation of Cash and Investment to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2011:

<u>Cash and Investments per Note Disclosure</u>	
Carrying amount of deposits	\$6,219,053
Investments	126,081
Total	<u>\$6,345,134</u>
 <u>Cash and Investments per Statement of Net Assets</u>	
Governmental activities	\$6,194,681
Private-purpose trust funds	112,087
Agency funds	38,366
Total	<u>\$6,345,134</u>

**Note 7 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

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Fund Balances	General	Nonmajor Governmental	Total
<b><i>Nonspendable</i></b>			
Prepays	\$52,556	\$0	\$52,556
Inventory	93,560	25,421	118,981
<b><i>Total Nonspendable</i></b>	<b>146,116</b>	<b>25,421</b>	<b>171,537</b>
<b><i>Restricted for</i></b>			
Food Service Operations	0	134,107	134,107
College Scholarships	0	10,222	10,222
Technology Improvements	0	684	684
Special Education	0	8,854	8,854
Teacher Development	0	1,608	1,608
Capital Improvements	0	304,583	304,583
Other Purposes	0	2,158	2,158
Set Asides	181,630	0	181,630
<b><i>Total Restricted</i></b>	<b>181,630</b>	<b>462,216</b>	<b>643,846</b>
<b><i>Committed to</i></b>			
Extracurricular Activities	0	38,963	38,963
Capital Improvements	0	299,612	299,612
Tax Escrow Refunds	462,377	0	462,377
<b><i>Total Committed</i></b>	<b>462,377</b>	<b>338,575</b>	<b>800,952</b>
<b><i>Assigned to</i></b>			
Other Purposes	72,509	0	72,509
<b><i>Unassigned (Deficit)</i></b>	<b>5,545,543</b>	<b>(11,935)</b>	<b>5,533,608</b>
<b><i>Total Fund Balances</i></b>	<b>\$6,408,175</b>	<b>\$814,277</b>	<b>\$7,222,452</b>

**Note 8 – 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 represent 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.

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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. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2011 (other than public utility property) represents the collection of 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010, on the value as of December 31, 2010. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Ashtabula County. The County Auditor periodically advances 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 includes real property, public utility property and tangible personal property taxes which are 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.

The amount available as an advance at June 30, 2011 was \$2,945,496 in the general fund and \$205,059 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2010, was \$2,985,353 in the general fund and \$207,757 in the permanent improvement capital projects fund.

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

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

	2010 Second Half Collections		2011 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$244,187,870	90.7%	\$239,828,570	90.6%
Public Utility Personal	24,880,830	9.2%	24,734,720	9.3%
General Business Personal	226,980	0.1%	236,040	0.1%
	\$269,295,680	100.0%	\$264,799,330	100.0%
Tax Rate per \$1,000 of assessed valuation	\$45.31		\$45.31	

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**Note 9 – Capital Assets**

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

	Balance 6/30/2010	Additions	Deletions	Balance 6/30/2011
<b>Governmental Activities</b>				
<b>Capital Assets, not being depreciated:</b>				
Land	\$402,305	\$0	\$0	\$402,305
<b>Capital Assets, being depreciated:</b>				
Land Improvements	420,121	0	(10,581)	409,540
Buildings and Improvements	5,651,753	217,524	(182,021)	5,687,256
Furniture, Equipment and Fixtures	2,399,762	43,083	(545,590)	1,897,255
Vehicles	1,762,322	53,198	(157,275)	1,658,245
Textbooks	1,136,697	7,400	0	1,144,097
<b>Total Capital Assets, being depreciated</b>	<b>11,370,655</b>	<b>321,205</b>	<b>(895,467)</b>	<b>10,796,393</b>
Less Accumulated Depreciation:				
Land Improvements	(371,160)	(3,486)	10,581	(364,065)
Building and Improvements	(5,082,237)	(40,396)	180,202	(4,942,431)
Furniture, Equipment and Fixtures	(1,771,056)	(189,829)	429,739	(1,531,146)
Vehicles	(1,088,083)	(143,432)	157,275	(1,074,240)
Textbooks	(930,714)	(142,450)	0	(1,073,164)
<b>Total Accumulated Depreciation</b>	<b>(9,243,250)</b>	<b>(519,593)</b>	<b>777,797</b>	<b>(8,985,046)</b>
<b>Total Capital Assets being depreciated, net</b>	<b>2,127,405</b>	<b>(198,388)</b>	<b>(117,670)</b>	<b>1,811,347</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$2,529,710</b>	<b>(\$198,388)</b>	<b>(\$117,670)</b>	<b>\$2,213,652</b>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$191,670
Vocational	3,050
Support Services:	
Pupil	31,150
Instructional Staff	97,438
Administration	8,094
Operation and Maintenance of Plant	43,653
Pupil Transportation	136,445
Operation of Food Services	4,773
Extracurricular Activities	3,320
<b>Total Depreciation Expense</b>	<b>\$519,593</b>

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**Note 10 – Receivables**

Receivables at June 30, 2011 consisted of accrued interest, accounts, taxes and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of Federal funds.

A summary of the principal items of intergovernmental receivables follows:

General Fund:	
Medicaid Reimbursement	\$12,338
Non-major Governmental Funds:	
Title I Grant	113,882
Improving Teacher Quality Grant	<u>34,339</u>
Total Intergovernmental Receivable	<u><u>\$160,559</u></u>

**Note 11 – Interfund Receivable/Payable**

The interfund receivable/payable consisted of the following at June 30, 2011, as reported on the fund financial statements:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Governmental Fund:		
General	\$18,213	\$0
Non-major Governmental Funds:		
Title I	0	15,707
Improving Teacher Quality	<u>0</u>	<u>2,506</u>
Total	<u><u>\$18,213</u></u>	<u><u>\$18,213</u></u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

**Note 12 – Compensated Absences**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (11 and 12 month) are eligible for vacation time. The number of days granted are determined by an employees' length of service with the District. For fiscal year 2011, the superintendent was granted twenty days of vacation. Effective January 10, 2006 the treasurer was granted fifteen days of vacation prorated annually at a use or lose basis.

Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Any vacation time which is unused as of the employee's anniversary date is expired and not available for use in a subsequent year unless approved by the superintendent. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

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The classified personnel accumulate vacation based on the following schedule:

Years of Service	Vacation Weeks
1-8	2
9-13	3
14-beyond	4

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis; certified employees, 295 days and classified employees, 285 days.

For all employees, retirement severance is paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement if the employee has been employed by the District for a minimum of ten consecutive years at the time of retirement for certified personnel and a minimum of five consecutive years for classified personnel. Any employee receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-fourth of all accumulated sick leave credited to that employee up to 75 days for classified employees and for certified employees there is no max.

**Note 13 – Pension Plans**

***A. School Employees Retirement System***

Plan Description - The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per 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 can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2011, the allocation to pension and death benefits is 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$263,580, \$293,889, and \$203,691, respectively; 47.2 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency wholly controlled, managed and supported in whole, or in part, by the State or any political subdivision thereof.

Plan Options - New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The



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DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit”, the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying one percent of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio’s public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or other Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

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Benefits are increased annually by three percent of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A Defined Benefit 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 members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2011, were 10 percent of covered payroll for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009, were \$1,017,576, \$1,024,408, and \$1,037,797, respectively; 85.3 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 \$16,743 made by the District and \$11,959 made by the plan members.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2010 *Comprehensive Annual Financial Report* will be available sometime after December 31, 2010.

Additional information or copies of STRS Ohio's 2010 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling toll free 1-888-227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

**Note 14 – Postemployment Benefits**

***A. School Employees Retirement System***

In addition to a cost-sharing multiple-employer defined benefit pension plan for School Employees Retirement System of Ohio (SERS) administers two post-employment benefit plans.

Medicare Part B Plan – The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2011 was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

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The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation is .76 percent. The District's contributions for the years ended June 30, 2011, 2010 and 2009 were \$16,962, \$17,477, and \$16,806, respectively, which equaled the required contributions each year.

Health Care Plan – ORC Sections 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the fiscal year ended June 30, 2011, the health care allocation is 1.43 percent. An additional health care surcharge on employers is allocated for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. State law provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2011, 2010 and 2009 were \$77,907, \$63,469, and \$144,163, respectively; 47.2 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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

Plan Description – The District contributes to a cost-sharing multiple-employer defined benefit Health Care 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 STRS Ohio's financial report which may be obtained by calling (888) 227-7877 or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

Funding Policy – Ohio law authorizes STRS Ohio to offer Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contribution for health care for the fiscal year ended June 30,

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2011, 2010 and 2009 were \$78,275, \$78,801, and \$79,831, respectively; 85.3 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**Note 15 – Risk Management**

***A. Property and Liability***

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. The School District has addressed these various types of risk by purchasing a comprehensive insurance policy through various commercial carriers.

Professional liability insurance is maintained in the amount of \$1,000,000 for single occurrence and \$3,000,000 in the aggregate.

The School District maintains fleet insurance in the amount of \$2,000,000 for any one accident or loss and \$2,000,000 in the aggregate and an additional \$1,000,000 in uninsured motorists' coverage. The School District maintains replacement cost insurance on buildings and contents in the amount of \$66,407,359; musical instruments, \$400,000; and, computers and electronic equipment, \$1,490,000.

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from the prior year.

***B. Employee Medical Benefits***

The School District has contracted with the Ashtabula County Schools Council of Governments to provide employee medical/surgical, prescription drug, dental and vision benefits. The Ashtabula County Schools Council of Governments is organized under Chapter 167 of the Ohio Revised Code and is comprised of seven Ashtabula County school districts. Rates are set by the Ashtabula County Schools Council of Governments board of directors. The School District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. Ashtabula County Schools Council of Governments is a separate and independent entity governed by its own set of by-laws and constitution. All assets and liabilities are the responsibility of the Council of Governments. The program is operated as a full indemnity program with no financial liability (other than monthly premiums) or risk to the School District. The School District is not liable nor receives a cash balance of past claims upon departure from the pool.

***C. Workers' Compensation***

The District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), and insurance purchasing pool, which was established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School business Officials Workers' Compensation Group Rating Program (the Program) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool. The Executive Director of the OASBO, or his designee, serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the Program.

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The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants 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 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management Inc. (CMI) provides administrative, cost control and actuarial services to the GRP.

**Note 16 – Millennium Inorganic Corporation Tax Refund Escrow Fund**

In anticipation of a pollution control equipment tax refund to the Millennium Inorganic Corporation, the District has set aside, within the general fund, the estimated tax refund of \$462,377. The Corporation has paid these taxes since 1993; figures used in the calculation of the refund were provided by Millennium Inorganic Corporation. The District has refunded \$688,508 in previous fiscal years.

**Note 17 – Long-Term Obligations**

A summary of changes in long-term obligations for the year ended June 30, 2011, are as follows:

	Outstanding 6/30/2010	Additions	Reductions	Outstanding 6/30/2011	Amounts Due in One Year
<b>Governmental Activities</b>					
2003 Energy Conservation Bonds	\$110,000	\$0	(\$55,000)	\$55,000	\$55,000
Capital Leases	186,231	0	(111,921)	74,310	28,618
Compensated Absences	1,117,323	164,720	(291,235)	990,808	39,327
Total Long-Term Liabilities	<u>\$1,413,554</u>	<u>\$164,720</u>	<u>(\$458,156)</u>	<u>\$1,120,118</u>	<u>\$122,945</u>

**2003 Energy Conservation Bonds** The District issued Energy Conservation Bonds in the amount of \$463,415 on July 10, 2002. The bonds mature in December 2011 and have an average interest rate of 4.625 percent.

Capital lease obligations are paid from the Permanent Improvement capital projects fund.

Compensated absences will be paid from the general fund and the food service and Title I special revenue funds.

The School District's overall legal debt margin was \$23,755,696 with an unvoted debt margin of \$264,563 at June 30, 2011.

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Principal requirements to retire general obligation debt outstanding at June 30, 2011, are as follows:

Fiscal year Ending June 30,	2003 Energy Conservation Bonds	
	Principal	Interest
	2012	\$55,000

**Note 18 – Jointly Governed Organizations and Related Organizations**

**Northeast Ohio Management Information Network (NEOMIN)** NEOMIN is a jointly governed organization among thirty one school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts support NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County districts, and a treasurer from each county. The District was represented on the Governing Board during fiscal year 2011. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained by contacting the Trumbull Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

**Kingsville Public Library** The Kingsville Public Library (the Library) is a district political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on the behalf of the Library, its role is limited to a ministerial function. The determination to request approval of tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Kingsville Public Library, Christine Stevens, Clerk/Treasurer, at 6006 Academy Street, Kingsville, Ohio 44048.

**State Support Team (SST) – Region 5** The District participates in the State Support Team (SST), an Educational Regional Service System (ERSS). The mission of the SST is to provide regional districts with leadership, technical assistance and high quality professional development in the service areas of school improvement, literacy, early learning and school readiness and special education compliance. The 16 State Support Teams are responsible for the regional delivery of school improvement, literacy, special education compliance, and early learning and school readiness services to districts using a differentiated technical assistance structure of support based upon need. The teams work through the Office of Exceptional Children, Office of Literacy, Office of Early Learning and School Readiness and the Office of Field Relations by providing technical assistance and professional development. The SSTs include staff and services formerly provided by the Special Education Regional Resource Centers (SERRCs) and the Regional School Improvement Teams (RSITs).

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*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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House Bill 115 (HB 115) establishes the Educational Regional Service System (ERSS) and requires the creation of a coordinated, integrated and aligned system to support state and school districts efforts to improve school effectiveness and student achievement. It is the intent of the general assembly that the educational regional service system would reduce the unnecessary duplication of programs and services and provide for a more streamlined and efficient delivery of education services without reducing the availability of the services needed by school districts and schools. Financial information can be obtained by contacting the State Support Team Region 5 office at 5555 Youngstown-Warren Road, Unit 696, Niles, Ohio, 44446.

***Ashtabula County Joint Vocational School District*** The Ashtabula County Joint Vocational School District (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The JVS is operated under the direction of a Board consisting of one representative from each of the participating School Districts' elected boards. The degree of control exercised by the School District is limited to its representation on the Board. The Board is its own budgeting and taxing authority. The School District did not make any contributions in fiscal year 2011. Financial information can be obtained from MaryAnn Wayman, Treasurer at Ashtabula County Joint Vocational School District, 1565 State Route 167, Jefferson, Ohio 44047.

**Note 19 – Contingencies**

***A. Grants***

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the 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 District at June 30, 2011.

***B. Litigation***

The District is not party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2011.

**Note 20 – Set Asides**

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.

**Buckeye Local School District**  
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*For the Fiscal Year Ended June 30, 2011*

The following cash basis information describes the change in the fiscal year end set aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

	Textbooks	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2010	\$156,424	\$0
Current Year Set-Aside Requirement	303,236	303,236
Qualifying Disbursements	(193,030)	(315,396)
Current year offsets	(85,000)	(419,016)
<b>Total</b>	<b>\$181,630</b>	<b>(\$431,176)</b>
Set-Aside Balance Carried Forward to		
Future Fiscal Years	\$181,630	\$0
Cash balance as of June 30, 2011	\$181,630	\$0

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

**Note 21 – Capital Leases**

In prior fiscal years, the School District also entered into lease agreements for the purchase of school busses. These lease obligations meet the criteria of a capital lease as defined by Financial Accounting Standards Board Statement Number 13, “Accounting for Leases,” and have been recorded on the government-wide statements. These vehicles have been capitalized in the amount of \$284,372, the present value of the minimum lease payments at the inception of the leases.

The assets acquired through the capital leases are as follows:

<i>Asset:</i>	Governmental Activities
Vehicles	\$284,372
Less: Accumulated Depreciation	(55,558)
Total Book Value as of June 30, 2011	\$228,814

The following is a schedule of the future long-term minimum lease payments required under the capital leases and present value of the minimum lease payments are as follows:

Fiscal Year Ending June 30,	
2012	\$31,862
2013	31,862
2014	15,820
Total Minimum Lease Payments	79,544
Less: Amount Representing Interest	(5,234)
Present Value of Minimum Lease	\$74,310



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Capital lease payments have been reclassified and are reflected as debt service in the fund financial statements for the permanent improvement capital projects fund. These expenditures are reflected as program expenditures on a budgetary basis.

**Note 22 – Insurance Purchasing Pool**

The District participates in a group-rating program for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Program (the Program) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

The Executive Director of the OASBO, or his designee, serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the Program.

**Note 23 – New Accounting Standards**

In November of 2010, the GASB issued Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements." The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements, a type of public-private or public-public partnership. Statement No. 60 will not be effective for the District until fiscal year 2013 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

In November of 2010, the GASB also issued Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The objective of this Statement is to improve financial reporting for a governmental financial reporting entity by modifying the requirements for including component units and also amending the criteria for reporting component units. Statement No. 61 will not be effective for the District until fiscal year 2013 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

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**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

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

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	<u>Grant Year</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Disbursements</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
<i>Non-Cash Assistance (Food Distribution):</i>				
National School Lunch Program	2011	10.555	\$57,431	\$57,431
<i>Cash Assistance:</i>				
National School Breakfast Program	2011	10.553	105,616	105,616
National School Lunch Program	2011	10.555	373,049	373,049
<i>Total Child Nutrition Cluster</i>			<u>536,096</u>	<u>536,096</u>
Total U. S. Department of Agriculture			<u><b>536,096</b></u>	<u><b>536,096</b></u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
<i>Title 1, Part A Cluster:</i>				
Title I Grants to Local Educational Agencies	2011	84.010	397,671	381,702
	2010		13,659	21,969
Subtotal - CFDA 84.010			<u>411,330</u>	<u>403,671</u>
ARRA Title I Grants to Local Educational Agencies	2011	84.389	70,747	70,747
	2010		24,660	21,109
Subtotal - CFDA 84.389			<u>95,407</u>	<u>91,856</u>
<i>Total Title 1, Part A Cluster</i>			<u>506,737</u>	<u>495,527</u>
Title 1 - D for Neglected and Delinquent Children	2011	84.013	16,208	17,238
	2010		11,078	11,124
ARRA Title 1 - D for Neglected and Delinquent Children	2011		3,652	5,407
	2010		4,400	4,400
Subtotal - CFDA 84.013			<u>35,338</u>	<u>38,169</u>
Safe and Drug Free Schools Grant	2011	84.186	253	253
	2010		300	300
Subtotal - CFDA 84.186			<u>553</u>	<u>553</u>
Technology Literacy Challenge Fund Grants - Title II-D	2011	84.318	1,305	1,305
	2010		2,804	1,081
Subtotal - CFDA 84.318			<u>4,109</u>	<u>2,386</u>
English Language Acquisition Grants - Title III-A (ESEA)	2011	84.365	720	1,221
Improving Teacher Quality State Grants Title II, Part A	2011	84.367	134,021	136,527
	2010		(9,523)	4,698
Subtotal - CFDA 84.367			<u>124,498</u>	<u>141,225</u>
ARRA State Fiscal Stabilization Fund	2011	84.394	449,488	449,488
Total U. S. Department of Education			<u><b>1,121,443</b></u>	<u><b>1,128,569</b></u>
<b>Totals</b>			<u><b>\$1,657,539</b></u>	<u><b>\$1,664,665</b></u>

*The accompanying notes to this schedule are an integral part of this schedule.*

**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Buckeye Local School District] (the District) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

Program regulations do not require the District to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The District reports commodities consumed on the Schedule at the entitlement value.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**NOTE E – TRANSFERS**

The District generally must spend non-ARRA Federal assistance within 15 months of receipt (funds must be obligated by June 30<sup>th</sup> and spent by September 30<sup>th</sup>). However, with the Ohio Department of Education's (ODE) approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2011, ODE authorized the following transfers:

<u>CFDA#</u>	<u>Program Title</u>	<u>Grant Year</u>	<u>Transfer Out</u>	<u>Transfer In</u>
84.367	Improving Teacher Quality State Grant	2010	9,523	
84.367	Improving Teacher Quality State Grant	2011		9,523



# 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  
Ashtabula County  
3436 Edgewood Drive  
Ashtabula, Ohio 44004

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, Ashtabula 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 December 13, 2011, wherein we noted the District implemented Governmental Accounting Standards Board (GASB) Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. We did note a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 13, 2011.

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

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

**Dave Yost**  
Auditor of State

December 13, 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 REQUIRED BY OMB CIRCULAR A-133

Buckeye Local School District  
Ashtabula County  
3436 Edgewood Drive  
Ashtabula, Ohio 44004

To The Board of Education:

### Compliance

We have audited the compliance of Buckeye Local School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Buckeye Local School District's major federal programs for the year ended June 30, 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 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, the Buckeye Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 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 and report on internal control over compliance, in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

Voinovich Government Center, 242 Federal Plaza W. Suite 302, Youngstown, Ohio 44503-1293  
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*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated December 13, 2011.

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



**Dave Yost**  
Auditor of State

December 13, 2011



**BUCKEYE LOCAL SCHOOL DISTRICT  
ASHTABULA 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 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 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(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): ARRA State Fiscal Stabilization Fund Title II-A Improving Teacher Quality	CFDA Numbers: 84.394 84.367
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

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

None

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED UPON PROCEDURES

Buckeye Local School District  
Ashtabula County  
3436 Edgewood Drive  
Ashtabula, Ohio 44004

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 amended its anti-harassment policy at its meeting on December 21, 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 black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

December 13, 2011

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# Dave Yost • Auditor of State

**BUCKEYE LOCAL SCHOOL DISTRICT**

**ASHTABULA 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**