



Dave Yost • Auditor of State



**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Local School District, Jefferson County, Ohio (the "District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Government's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Local School District, Jefferson County, Ohio, as of June 30, 2013, and the respective changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 3 to the financial statements, during the year ended June 30, 2013, the District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

Our audit was conducted to opine on the Government's basic financial statements taken as a whole.

The Schedule of Federal Awards Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The Schedule of Federal Awards Receipts and Expenditures 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. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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  
Columbus, Ohio

May 14, 2014

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**Buckeye Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

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The discussion and analysis of the Buckeye Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for the fiscal year 2013 are as follows:

- Net position of governmental activities decreased \$511,869, or approximately 6 percent.
- General revenues accounted for \$17,018,850 in revenue or 78 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$4,668,485 or 22 percent of total revenues of \$21,687,335.
- Total assets of governmental activities increased \$1,130,612. Current assets increased by \$415,563 primarily due to an increase in property taxes receivable mostly due to sexennial reappraisal which was offset by decreases in cash and cash equivalents. Capital assets increased \$715,049 due primarily to capital asset additions to buildings and improvements resulting from the House Bill 264 Energy Conservation project as well as the addition of three buses and two vans which were offset by annual depreciation expense.
- The School District had \$22,199,204 in expenses related to governmental activities; only \$4,668,485 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$17,018,850 were not adequate to provide for these programs.
- Total governmental funds had \$22,464,378 in revenues and other financing sources and \$23,002,022 in expenditures and other financing uses. The total governmental fund balances decreased \$537,644.

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

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

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

**Buckeye Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

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

*Statement of Net Assets and Statement of Activities*

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2013?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are considered to be Governmental Activities: including instruction, support services, operation of non-instructional services, debt service operations, and extracurricular activities.

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

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the General Fund.

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

**Buckeye Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2013 compared to 2012.

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

	<b>2013</b>	<b>2012</b>	<b>Change</b>
<b>Assets</b>			
Current and Other Assets	\$9,502,342	\$9,086,779	\$415,563
Capital Assets	9,976,514	9,261,465	715,049
<b>Total Assets</b>	<b>19,478,856</b>	<b>18,348,244</b>	<b>1,130,612</b>
<b>Liabilities</b>			
Long-Term Liabilities	2,160,216	1,334,868	825,348
Other Liabilities	2,747,004	2,402,034	344,970
<b>Total Liabilities</b>	<b>4,907,220</b>	<b>3,736,902</b>	<b>1,170,318</b>
<b>Deferred Inflows of Resources</b>			
Property Taxes not Levied to Finance Current Year Operations	6,646,685	6,174,522	472,163
<b>Net Position</b>			
Net Investment in Capital Assets	8,939,425	9,234,744	(295,319)
Restricted	404,729	465,044	(60,315)
Unrestricted (Deficit)	(1,419,203)	(1,262,968)	(156,235)
<b>Total Net Position</b>	<b>\$7,924,951</b>	<b>\$8,436,820</b>	<b>(\$511,869)</b>

Total assets of governmental activities increased \$1,130,612. As indicated previously, current assets increased by \$415,563 primarily due to an increase in property taxes receivable mostly due to sexennial reappraisal which was offset by decreases in cash and cash equivalents. Capital assets increased \$715,049 due primarily to capital asset additions for the House Bill 264 Energy Conservation project and the addition of three buses and two vans which were offset by annual depreciation expense. The revenue received from the signing bonus on the Oil and Gas Lease was used to purchase the buses, vehicles and a portion of the costs for the improvement to the high school roof, refer to the Contingencies Note 22 for further details.

Long-Term liabilities increased significantly due to the issuance of House Bill 264 Energy Conservation bonds. See Long-Term Debt Note 17. Other liabilities increased primarily due to contracts payable related to the project, as well as increases in matured severance payable.

**Buckeye Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

The net effect of changes in assets and liabilities resulted in a \$511,869 decrease in total net position of the School District's governmental activities.

Table 2 shows the changes in net assets for the fiscal year 2013 compared to fiscal year 2012.

	<b>Changes in Net Assets</b>		<b>Change</b>
	<b>Governmental Activities</b>		
	<b>2013</b>	<b>2012</b>	
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$1,587,291	\$599,846	\$987,445
Operating Grants and Contributions	3,081,194	3,498,768	(417,574)
<b>Total Program Revenues</b>	<b>4,668,485</b>	<b>4,098,614</b>	<b>569,871</b>
General Revenues			
Property Taxes	6,994,302	6,462,675	531,627
Grants and Entitlements not Restricted to Specific Programs	9,927,929	10,273,297	(345,368)
Others	96,619	77,483	19,136
<b>Total General Revenues</b>	<b>17,018,850</b>	<b>16,813,455</b>	<b>205,395</b>
<b>Total Revenues</b>	<b>21,687,335</b>	<b>20,912,069</b>	<b>775,266</b>
<b>Program Expenses</b>			
Instruction			
Regular	9,251,197	8,896,606	354,591
Special	2,648,060	2,676,541	(28,481)
Vocational	540,794	494,180	46,614
Student Intervention Services	180,788	122,717	58,071
Support Services			
Pupil	1,031,033	933,074	97,959
Instructional Staff	670,761	634,371	36,390
Board of Education	73,282	115,722	(42,440)
Administration	2,310,066	2,078,317	231,749
Fiscal	485,022	453,087	31,935
Business	41,171	57,664	(16,493)
Operation and Maintenance of Plant	1,970,484	2,124,444	(153,960)
Pupil Transportation	1,922,093	1,759,260	162,833
Operation of Non-Instructional Services	4,239	7,757	(3,518)
Food Service Operations	648,843	665,774	(16,931)
Extracurricular Activities	404,895	401,555	3,340
Interest and Fiscal Charges	16,476	12,688	3,788
<b>Total Expenses</b>	<b>22,199,204</b>	<b>21,433,757</b>	<b>765,447</b>
<b>Decrease in Net Assets</b>	<b>(511,869)</b>	<b>(521,688)</b>	<b>9,819</b>
Net Position Beginning of Year	8,436,820	8,958,508	(521,688)
<b>Net Position End of Year</b>	<b>\$7,924,951</b>	<b>\$8,436,820</b>	<b>(\$511,869)</b>

**Buckeye Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

In 2013, 32 percent of the School District's revenues were from property taxes and 46 percent were from unrestricted grants and entitlements. A significant increase was realized in charges for services program revenue from fiscal year 2012 primarily resulting from a signing bonus of \$803,297 received from a paid-up gas and oil lease; see Note 22 for further details. In addition, the School District realized a decrease in Federal funding primarily due to the loss of the Sustainability and Title II-D grants.

Instructional programs comprise approximately 57 percent of total governmental program expenses. Of the instructional expenses, approximately 74 percent is for regular instruction, 21 percent is for special instruction, 4 percent for vocational instruction, and one percent for student intervention. Instructional program expenses and total expenses increased approximately 3.5 percent from the prior fiscal year. Overall expenses increased \$765,447. The increase is reflected mostly in regular instruction, administration costs, and pupil transportation costs that is offset by a decrease in operation and maintenance of plant costs.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2013 compared to fiscal year 2012. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

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

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
Instruction				
Regular	\$9,251,197	\$8,896,606	\$8,517,095	\$8,155,958
Special	2,648,060	2,676,541	1,682,813	1,665,841
Vocational	540,794	494,180	373,060	326,446
Student Intervention Services	180,788	122,717	76,517	44,839
Support Services				
Pupil	1,031,033	933,074	619,727	609,584
Instructional Staff	670,761	634,371	439,873	349,787
Board of Education	73,282	115,722	73,282	115,722
Administration	2,310,066	2,078,317	1,947,717	1,592,869
Fiscal	485,022	453,087	485,022	349,667
Business	41,171	57,664	41,171	57,664
Operation and Maintenance of Plant	1,970,484	2,124,444	1,154,763	2,035,491
Pupil Transportation	1,922,093	1,759,260	1,893,053	1,724,587
Operation of Non-Instructional Services	4,239	7,757	0	250
Food Service Operations	648,843	665,774	(57,624)	43,456
Extracurricular Activities	404,895	401,555	267,774	250,294
Interest and Fiscal Charges	16,476	12,688	16,476	12,688
<b>Total Expenses</b>	<b>\$22,199,204</b>	<b>\$21,433,757</b>	<b>\$17,530,719</b>	<b>\$17,335,143</b>

The dependence upon tax revenues and state subsidies for governmental activities is apparent, as 79 percent of expenses are supported through taxes and other general revenues.

**Buckeye Local School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2013  
 Unaudited

**The School District Funds**

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. The School District has one major fund, the General Fund. The General Fund had \$18,315,960 in revenues and \$18,952,598 in expenditures. Overall, including other financing sources and uses, the General Fund's balance decreased \$625,324.

***General Fund Budgeting Highlights***

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

During the course of fiscal 2013, the School District amended its General Fund appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were no significant differences between budget and actual expenditures.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2013, the School District had \$9,976,514 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. See Note 9 for more detailed information of the School District's capital assets.

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

	Government Activities	
	2013	2012
Land	\$576,897	\$597,049
Land Improvements	166,425	177,057
Buildings and Improvements	8,459,668	7,886,714
Furniture and Equipment	231,319	213,567
Vehicles	542,205	387,078
Totals	\$9,976,514	\$9,261,465

***Debt***

At June 30, 2013, the School District had \$887,775 of energy conservation general obligation bonds, including premiums. The School District also had \$21,102 outstanding in capital leases with \$5,934 due within one year.

**Buckeye Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

Table 5 summarizes bonds and capital leases outstanding:

	<b>Table 5</b>	
	<b>Outstanding Debt at Year End</b>	
	Governmental Activities	
	2013	2012
2013 Energy Conservation and School Improvement Bonds		
Term Bonds	\$885,000	\$0
Bond Premium	2,775	0
Capital Leases	21,102	26,721
<b>Total</b>	<b>\$908,877</b>	<b>\$26,721</b>

See Note 17 for more detailed information on the School District's debt.

***Economic Factors***

The School District leased the Northwest Elementary building with the intent of the lessee to purchase the building at the end of a three year term. North Elementary building remains for sale but is currently unoccupied.

The School District received \$803,297 from Chesapeake Exploration, L.L.C., as a result of a "Paid-Up" Oil and Gas lease. This money was used for technology upgrades, repairs to the high school roof, and the purchase of three buses and two vans.

During fiscal year 2013, the School District issued Energy Conservation and School Improvement Bonds in accordance with House Bill 264. The proceeds were used to make improvements to boilers and lighting and repairs to the roof at the high school.

The School District was unsuccessful in passing a permanent improvement levy in November, 2012.

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

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

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**Buckeye Local School District**

*Statement of Net Position*

*June 30, 2013*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,339,246
Cash and Cash Equivalents in Segregated Accounts	112,532
Intergovernmental Receivable	519,047
Investments	7,040
Prepaid Items	1,084
Materials and Supplies Inventory	66,094
Property Taxes Receivable	7,457,299
Non-Depreciable Capital Assets	576,897
Depreciable Capital Assets, Net	<u>9,399,617</u>
<i>Total Assets</i>	<u>19,478,856</u>
<b>Liabilities</b>	
Accounts Payable	24,167
Contracts Payable	296,942
Accrued Wages and Benefits Payable	1,823,794
Matured Severance Payable	127,091
Accrued Interest Payable	1,634
Intergovernmental Payable	445,876
Deposits Held for Land Sale	27,500
Long-Term Liabilities:	
Due Within One Year	137,831
Due In More Than One Year	<u>2,022,385</u>
<i>Total Liabilities</i>	<u>4,907,220</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes not Levied to Finance Current Year Operations	<u>6,646,685</u>
<b>Net Position</b>	
Net Investment in Capital Assets	8,939,425
Restricted for:	
Capital Projects	22,668
Bus Purchase	5,959
Federal Programs	234,847
Food Service Operations	35,272
Other Purposes	105,983
Unrestricted (Deficit)	<u>(1,419,203)</u>
<i>Total Net Position</i>	<u><u>\$7,924,951</u></u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
<b>Governmental Activities</b>				
Current:				
Instruction:				
Regular	\$9,251,197	\$484,843	\$249,259	(\$8,517,095)
Special	2,648,060	0	965,247	(1,682,813)
Vocational	540,794	0	167,734	(373,060)
Student Intervention Services	180,788	0	104,271	(76,517)
Support Services:				
Pupil	1,031,033	0	411,306	(619,727)
Instructional Staff	670,761	0	230,888	(439,873)
Board of Education	73,282	0	0	(73,282)
Administration	2,310,066	0	362,349	(1,947,717)
Fiscal	485,022	0	0	(485,022)
Business	41,171	0	0	(41,171)
Operation and Maintenance of Plant	1,970,484	806,870	8,851	(1,154,763)
Pupil Transportation	1,922,093	0	29,040	(1,893,053)
Operation of Non-Instructional Services	4,239	0	4,239	0
Food Service Operations	648,843	158,555	547,912	57,624
Extracurricular Activities	404,895	137,023	98	(267,774)
Interest and Fiscal Charges	16,476	0	0	(16,476)
<i>Total Governmental Activities</i>	<u>\$22,199,204</u>	<u>\$1,587,291</u>	<u>\$3,081,194</u>	<u>(\$17,530,719)</u>
		<b>General Revenues</b>		
		Property Taxes Levied for General Purposes		6,994,302
		Grants and Entitlements not Restricted to Specific Programs		9,927,929
		Investment Earnings		1,871
		Gifts and Donations		52,024
		Miscellaneous		42,724
		<i>Total General Revenues</i>		<u>17,018,850</u>
		Change in Net Position		(511,869)
		<i>Net Position Beginning of Year</i>		<u>8,436,820</u>
		<i>Net Position End of Year</i>		<u>\$7,924,951</u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
*Balance Sheet*  
**Governmental Funds**  
*June 30, 2013*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$976,900	\$356,387	\$1,333,287
Cash and Cash Equivalents in Segregated Accounts	112,532	0	112,532
Investments	0	7,040	7,040
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	5,959	0	5,959
Receivables:			
Property Taxes	7,457,299	0	7,457,299
Intergovernmental	80,512	438,535	519,047
Interfund	50,530	0	50,530
Prepaid Items	1,084	0	1,084
Materials and Supplies Inventory	51,686	14,408	66,094
<i>Total Assets</i>	<u>\$8,736,502</u>	<u>\$816,370</u>	<u>\$9,552,872</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$24,167	\$0	\$24,167
Accrued Wages and Benefits Payable	1,656,648	167,146	1,823,794
Contracts Payable	135,611	161,331	296,942
Interfund Payable	0	50,530	50,530
Intergovernmental Payable	406,556	39,320	445,876
Matured Severance Payable	127,091	0	127,091
Deposits Held for Land Sale	27,500	0	27,500
<i>Total Liabilities</i>	<u>2,377,573</u>	<u>418,327</u>	<u>2,795,900</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes not Levied to Finance Current Year Operations	6,646,685	0	6,646,685
Unavailable Revenue	533,138	161,366	694,504
<i>Total Deferred Inflows of Resources</i>	<u>7,179,823</u>	<u>161,366</u>	<u>7,341,189</u>
<b>Fund Balances (Deficit)</b>			
Nonspendable:			
Materials and Supplies Inventory	51,686	14,408	66,094
Prepaid Items	1,084	0	1,084
Restricted for:			
Food Service Operations	0	20,864	20,864
Bus Purchase	5,959	0	5,959
Capital Projects	0	27,292	27,292
Federal Programs	0	74,162	74,162
Local Programs	0	105,983	105,983
Committed to:			
Capital Projects	14,257	0	14,257
Unassigned	(893,880)	(6,032)	(899,912)
<i>Total Fund Balances (Deficit)</i>	<u>(820,894)</u>	<u>236,677</u>	<u>(584,217)</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$8,736,502</u>	<u>\$816,370</u>	<u>\$9,552,872</u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
*Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
June 30, 2013*

**Total Governmental Fund Balances** (\$584,217)

*Amounts reported for governmental activities in the  
Statement of Net Position are different because*

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds. 9,976,514

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

Intergovernmental	161,366
Tuition and Fees	40,228
Property Taxes	<u>492,910</u>

Total 694,504

In the statement of activities, interest is accrued on outstanding general  
obligation bonds, whereas in governmental funds, an interest expenditure  
is reported when due. (1,634)

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

General Obligation Bonds - Term	885,000
Bond Premium	2,775
Capital Leases	21,102
Compensated Absences	<u>1,251,339</u>

Total (2,160,216)

*Net Position of Governmental Activities* \$7,924,951

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2013*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$6,868,434	\$0	\$6,868,434
Intergovernmental	10,095,663	2,909,165	13,004,828
Interest	1,669	202	1,871
Tuition and Fees	471,673	5,625	477,298
Extracurricular Activities	20,446	116,577	137,023
Rent	806,870	0	806,870
Gifts and Donations	18,304	33,720	52,024
Charges for Services	0	158,555	158,555
Miscellaneous	32,901	9,823	42,724
<i>Total Revenues</i>	<u>18,315,960</u>	<u>3,233,667</u>	<u>21,549,627</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	8,929,816	256,307	9,186,123
Special	1,609,211	977,790	2,587,001
Vocational	511,985	0	511,985
Student Intervention Services	84,084	96,704	180,788
Support Services:			
Pupil	650,713	381,456	1,032,169
Instructional Staff	392,688	237,959	630,647
Board of Education	72,837	0	72,837
Administration	1,708,127	347,615	2,055,742
Fiscal	485,022	0	485,022
Business	41,171	0	41,171
Operation and Maintenance of Plant	1,911,112	31,827	1,942,939
Pupil Transportation	2,055,216	26,933	2,082,149
Operation of Non-Instructional Services	0	4,239	4,239
Food Service Operations	0	645,053	645,053
Extracurricular Activities	287,629	111,987	399,616
Capital Outlay	200,222	885,240	1,085,462
Debt Service:			
Principal Retirement	5,619	0	5,619
Interest and Fiscal Charges	7,146	7,786	14,932
Issuance Costs	0	30,742	30,742
<i>Total Expenditures</i>	<u>18,952,598</u>	<u>4,041,638</u>	<u>22,994,236</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(636,638)</u>	<u>(807,971)</u>	<u>(1,444,609)</u>
<b>Other Financing Sources (Uses)</b>			
Sale of Assets	19,100	0	19,100
General Obligation Bonds Issued	0	885,000	885,000
Premium on Bonds Issued	0	2,865	2,865
Transfers In	0	7,786	7,786
Transfers Out	(7,786)	0	(7,786)
<i>Total Other Financing Sources (Uses)</i>	<u>11,314</u>	<u>895,651</u>	<u>906,965</u>
<i>Net Change in Fund Balances</i>	(625,324)	87,680	(537,644)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(195,570)</u>	<u>148,997</u>	<u>(46,573)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>(\$820,894)</u></u>	<u><u>\$236,677</u></u>	<u><u>(\$584,217)</u></u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
*Reconciliation of the Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2013*

**Net Change in Fund Balances - Total Governmental Funds** (\$537,644)

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

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

Capital Asset Additions	1,516,310	
Current Year Depreciation	(452,266)	
Total	1,064,044	1,064,044

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. (348,995)

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

Intergovernmental	4,295	
Tuition and Fees	7,545	
Property Taxes	125,868	
Total	137,708	137,708

Issuance of Debt is reported as other financing sources in the governmental funds, but the issuance increases long-term liabilities on the Statement of Net Position.  
General Obligation Bonds (885,000)

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the Statement of Activities.  
Accrued Interest (1,634)

Bond premiums are reported as other financing sources in the governmental funds, but are allocated as an expense over the life of the bonds on the Statement of Activities.  
Bond Premiums Issued (2,865)  
Amortization of Bond Premium 90  
(2,775)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.  
Capital Leases 5,619

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 56,808

*Changes in Net Position Governmental Activities* (\$511,869)

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2013*

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Property Taxes	\$7,072,538	\$6,776,175	\$6,776,175	\$0
Intergovernmental	10,505,648	10,065,426	10,065,426	0
Interest	1,742	1,669	1,669	0
Tuition and Fees	492,302	471,673	471,673	0
Rent	842,159	806,870	806,870	0
Extracurricular Activities	21,340	20,446	20,446	0
Gifts and Donations	19,105	18,304	18,304	0
Miscellaneous	34,326	32,888	32,888	0
<i>Total Revenues</i>	<u>18,989,160</u>	<u>18,193,451</u>	<u>18,193,451</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	8,204,757	8,868,904	8,868,904	0
Special	2,536,568	1,589,132	1,589,132	0
Vocational	586,054	503,699	503,699	0
Student Intervention Services	0	81,362	81,362	0
Support Services:				
Pupil	586,054	653,186	653,186	0
Instructional Staff	390,703	381,358	381,358	0
Board of Education	0	73,663	73,663	0
Administration	1,758,162	1,705,514	1,705,514	0
Fiscal	390,703	487,789	487,789	0
Business	0	41,171	41,171	0
Operation and Maintenance of Plant	1,953,514	1,933,763	1,933,763	0
Pupil Transportation	1,953,514	2,042,174	2,042,174	0
Extracurricular Activities	195,350	289,548	289,548	0
Capital Outlay	0	64,611	64,611	0
Debt Service:				
Principal Retirement	976,756	1,000,000	1,000,000	0
Interest and Fiscal Charges	0	5,829	5,829	0
<i>Total Expenditures</i>	<u>19,532,135</u>	<u>19,721,703</u>	<u>19,721,703</u>	<u>0</u>
Excess of Revenues Under Expenditures	<u>(542,975)</u>	<u>(1,528,252)</u>	<u>(1,528,252)</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Tax Anticipation Notes Issued	0	1,000,000	1,000,000	0
Sale of Assets	0	46,600	46,600	0
Advances In	0	48,191	48,191	0
Transfers Out	(7,786)	(7,786)	(7,786)	0
Advances Out	(50,530)	(50,530)	(50,530)	0
Total Other Financing Sources (Uses)	<u>(58,316)</u>	<u>1,036,475</u>	<u>1,036,475</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(601,291)</u>	<u>(491,777)</u>	<u>(491,777)</u>	<u>0</u>
<i>Fund Balance Beginning of Year</i>	<u>1,587,168</u>	<u>1,587,168</u>	<u>1,587,168</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$985,877</u>	<u>\$1,095,391</u>	<u>\$1,095,391</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*June 30, 2013*

	Private Purpose Trust Fund	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$156,420	\$50,272
<i>Total Assets</i>	156,420	\$50,272
<b>Liabilities</b>		
Due to Students	0	\$50,272
<i>Total Liabilities</i>	0	\$50,272
<b>Net Assets</b>		
Held in Trust for Scholarships	156,420	
<i>Total Net Position</i>	\$156,420	

See accompanying notes to the basic financial statements



**Buckeye Local School District**  
*Statement of Changes in Fiduciary Net Position*  
*Fiduciary Fund*  
*For the Fiscal Year Ended June 30, 2013*

	Private Purpose Trust Fund
<b>Additions</b>	
Contributions and Donations	\$10,000
Interest	229
	10,229
<b>Deductions</b>	
Scholarships Awarded	2,500
	7,729
<i>Change in Net Assets</i>	<i>7,729</i>
<i>Net Position Beginning of Year</i>	<i>148,691</i>
	<i>148,691</i>
<i>Net Position End of Year</i>	<i>\$156,420</i>
	<i>\$156,420</i>

See accompanying notes to the basic financial statements

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**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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

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

The School District was created by the consolidation in 1965 of Adena, Dillonvale, Mount Pleasant, Brilliant, Smithfield and Yorkville Local School Districts, and by a merger with the Warren Consolidated School District in 1966. The School District serves an area of approximately 136 square miles encompassing most of the southern half of Jefferson County, extending west into Harrison County and south into Belmont County. It is staffed by 89 non-certified employees, 171 certified full-time teaching personnel and 10 administrative employees who provide services to 1,917 students and other community members. The School District currently operates 4 instructional buildings and 1 administrative-bus garage building.

*Reporting Entity:*

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

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

The School District is involved with seven organizations, five of which are defined as jointly governed organizations and two which are defined as an insurance purchasing pool. These organizations are the Jefferson County Joint Vocational School, the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council), the Coalition of Rural and Appalachian Schools (CORAS), the Educational Regional Service System Region 12 (ERSS), the Ohio Schools Council (OSC), the Ohio School Council Workers' Compensation Group Rating Program (GRP) and the Ohio School Plan (OSP). These organizations are presented in Notes 19 and 20 to the financial statements.

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

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

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**A. Basis of Presentation**

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position 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 Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District however has no business type activities.

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

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

**B. Fund Accounting**

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

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

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

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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

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

### **C. Measurement Focus**

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

***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

### **D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/deferred inflows of resources, and in the presentation of expenses versus expenditures.

***Revenues - Exchange and Non-Exchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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

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

***Deferred Outflows/Inflows of Resources*** In addition to assets, the Statements of Financial Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reports no deferred outflows.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the Governmental Fund Financial Statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes, tuition and fees, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

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

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

During fiscal year 2013, investments were limited to nonnegotiable certificates of deposit, money market mutual funds and State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value. Fair value is based on quoted market price or current share price.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold for at June 30, 2013.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2013 amounted to \$1,669 which includes \$423 assigned from other School District funds.

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

**F. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by law through enabling legislation. Restricted assets in the General Fund include amounts for unexpended resources restricted for the purchase of buses.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed

**H. Inventory**

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

**I. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress 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:

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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

**J. Interfund Balances**

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

**K. Compensated Absences**

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

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

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

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

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

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

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

**M. Bond Premiums and Bond Issuance Costs**

On the government-wide financial statements, bond premiums are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium.

On the governmental fund financial statements, bond premiums, and bond issuance costs are recognized in the



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period in which the debt is issued. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs are reported as a component of debt service payments. Bond issuance costs are expensed in the period the bonds are issued.

**N. Internal Activity**

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

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

**O. Fund Balance**

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

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

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

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

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

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

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

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

**P. Net Position**

Net position represents the difference between assets and liabilities. Net investments in capital assets, 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 position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources from local sources restricted to expenditures for student programs.

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

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

**R. Estimates**

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

**S. Budgetary Data**

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds of the School District. Any budgetary

**Buckeye Local School District**  
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modifications at this level may only be made by resolution of the Board of Education. The treasurer is given the authority to further allocate fund appropriations within all funds. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

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

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

**NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2013, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements,” Statement No. 61, “The Financial Reporting Entity: Omnibus,” Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements,” Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” Statement No. 65, “Items Previously Reported as Assets and Liabilities,” and Statement No. 66 “Technical Corrections—2012 an amendment of GASB Statements No. 10 and No. 62.”

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the School District’s financial statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. These changes were incorporated in the School District’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 62 incorporates into GASB’s authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the School District’s financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the School District’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

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GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the School District's financial statements

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
4. Proceeds from short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Deposits held for Land Sale are reported as liabilities (GAAP Basis) as opposed to operating transactions (budget basis).

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

Net Change in Fund Balance	
	General
GAAP Basis	(\$625,324)
Revenue Accruals	(122,509)
Deposits Held for Land Sale	27,500
Advances In	48,191
Tax Anticipation Note Proceeds	1,000,000
Expenditure Accruals	230,895
Debt Service Principal	(1,000,000)
Advances Out	(50,530)
Budget Basis	(\$491,777)

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**NOTE 5 – FUND DEFICITS**

At June 30, 2013, the following fund had a deficit fund balance:

	<u>Deficit Fund Balance</u>
General Fund	(\$820,894)

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

**NOTE 6 - CASH AND CASH EQUIVALENTS**

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

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

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

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

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

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

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7. The State Treasurer’s investment pool (STAR Ohio);
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the bank balance was \$1,380,836. Of the bank balance \$1,093,929 was covered by Federal depository insurance and the remaining balance of \$286,907 was covered by pledged collateral with securities held by the pledging financial institution’s trust department or agent. Although the securities were held by the pledging financial institution’s trust department and all statutory requirements for the deposit of money had been followed, non-compliance with Federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

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

Investments

As of June 30, 2013, the School District had the following investments, which are in an internal investment pool:

	Fair Value	Maturity	Percent of Total Investments	Rating	Rating Agency
Money Market Mutual Fund	\$112,532	Avg 49 days	26.67%	AAA	S&P
STAR Ohio	309,351	Avg 57.5 days	73.33%	AAAm	S&P
Totals	<u>\$421,883</u>		<u>100.00%</u>		

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

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

**Custodial Credit Risk.** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment

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custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

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

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012 and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Belmont, Harrison and Jefferson Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2013 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 inflows of resources – property taxes not levied to finance current year operations.

The amount available as an advance at June 30, 2013, was \$317,704 in the General Fund. The amount available as an advance at June 30, 2012, was \$225,445 in the General Fund.

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

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The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$156,175,580	57.7%	\$165,064,500	55.4%
Public Utility Personal	114,715,260	42.3%	132,776,830	44.6%
	\$270,890,840	100.0%	\$297,841,330	100.0%
Tax Rate per \$1,000 of assessed valuation		\$27.50		\$27.50

Assessed values increased approximately 10 percent mostly due to the sexennial reappraisal.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2013 consisted of property taxes, interfund, intergovernmental grants and workers' compensation rebates, and tuition and fees. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$492,910 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amounts</u>
Workers' Compensation Rebate	\$44,009
National Lunch/Breakfast Expansion Grant	12,225
IDEA B Grant	43,796
Title I Grant	64,224
Title II-A Grant	56,629
State Preschool Grants	10,222
Physical Education Program Grant	171,052
21st Century Grants	75,107
Medicaid	1,555
Excess Costs from Other School Districts	40,228
Total Intergovernmental Receivables	\$519,047



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**NOTE 9 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance at 6/30/12	Additions	Deletions	Balance at 6/30/13
Capital Assets - Not Depreciated:				
Land	\$597,049	\$0	(\$20,152)	\$576,897
Capital Assets - Depreciated:				
Land Improvements	976,660	0	0	976,660
Buildings and Improvements	17,313,305	1,177,872	(852,205)	17,638,972
Furniture and Equipment	1,055,433	58,894	(28,209)	1,086,118
Vehicles	1,947,121	279,544	(335,637)	1,891,028
Total Capital Assets - Depreciated	21,292,519	1,516,310	(1,216,051)	21,592,778
Less Accumulated Depreciation:				
Land Improvements	(799,603)	(10,632)	0	(810,235)
Buildings and Improvements	(9,426,591)	(294,644)	541,931	(9,179,304)
Furniture and Equipment	(841,866)	(22,573)	9,640	(854,799)
Vehicles	(1,560,043)	(124,417)	335,637	(1,348,823)
Total Accumulated Depreciation	(12,628,103)	(452,266)	887,208	(12,193,161)
Total Capital Assets - Depreciated, Net	8,664,416	1,064,044	(328,843)	9,399,617
Governmental Capital Assets, Net	\$9,261,465	\$1,064,044	(\$348,995)	\$9,976,514

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$140,677
Special	38,304
Vocational	28,809
Support Services:	
Instructional Staff	41,250
Board of Education	445
Administration	32,023
Operation and Maintenance of Plant	38,793
Pupil Transportation	122,896
Food Service Operations	3,790
Extracurricular Activities	5,279
Total Depreciation Expense	<u>\$452,266</u>

The School District approved a real estate purchase contract, contingent upon a lease agreement, for the sale of the Northwest Elementary School. The transaction is recorded as a sale not consummated in accordance with

**Buckeye Local School District**  
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Governmental Accounting Standard Board Statement No. 62. The amount of deposits received by the School District prior to the consummation of the sale are reported as "Deposits Held for Land Sale."

**NOTE 10 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013 the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage's, limits of coverage, and deductibles that it selects. The District pays this annual premium to the OSP (See Note 20). The Buckeye Local School District contracted with the Ohio School Plan for liability, property and fleet insurance. The type and amount of coverage provided by Ohio School Plan follows:

Commercial Property Coverage - Blanket	\$66,427,265
Property Deductible	1,000
Auto Liability - Combined Single Limit	2,000,000
Uninsured Motorists	1,000,000
Medical Payments	5,000
Comprehensive (ACV) and Towing	buses 1,000 deductible
Collision (ACV)	buses 1,000 deductible
Hired and Non-Owned Liability	75,000
Educational General Liability:	
Bodily Injury and Property Damage - Each Occurrence Limit and Sexual Abuse Injury - Each Sexual Abuse Offense Limit (\$1,000 Bodily Injury Deductible)	\$2,000,000
Personal and Advertising Injury - Each Offense Limit	2,000,000
Fire Damage - Any One Event Limit	500,000
Medical Expense - Any One Person Limit	10,000
General Aggregate Limit	4,000,000
Employers Liability:	
Bodily Injury by Accident - Each Accident Limit	2,000,000
Bodily Injury by Disease - Endorsement Limit	2,000,000
Bodily Injury by Disease - Each Employee Limit	2,000,000
Employee Benefits Liability:	
Each Offense Limit	2,000,000
Aggregate Limit	4,000,000
Educational Legal Liability :	
Errors and Omissions Injury Limit (\$2,500 Deductible)	2,000,000
Errors and Omissions Injury Aggregate Limit	4,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years.

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For the Fiscal Year Ended June 30, 2013

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**Workers' Compensation**

For Fiscal Year 2013, the School District participated in the Ohio Schools Council Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley provides administrative, cost control, and actuarial services to the GRP.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**A. School Employee Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocated the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B, Health Care, and Death Benefits funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$266,078, \$259,931 and \$263,710 respectively; 100.00 percent has been contributed for fiscal years 2013, 2012, and 2011.

**B. State Teachers Retirement System**

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

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

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

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

Funding Policy – Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July, 2016. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$1,131,302 and \$3,015 for the fiscal year ended June 30, 2013, \$1,161,103 and \$2,376 for the fiscal year ended June 30, 2012, and \$1,207,325 and \$1,273 for the fiscal year ended June 30, 2011. For fiscal year 2013, 71.49 percent has been contributed for the DB plan and 71.49 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2013 were \$16,071 made by the School District and \$11,479 made by the plan members. In addition, member contributions of \$2,154 were made for fiscal year 2013 for the defined contribution portion of the Combined Plan.

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

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2013, three members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

## **NOTE 12 - POSTEMPLOYMENT BENEFITS**

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

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

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

Funding Policy – State Statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2013, this amount was \$20,525. During fiscal year 2013, the School district paid \$33,357 in surcharge.

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

The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$3,262, \$11,257, and \$32,936 respectively; 100 percent has been contributed for fiscal years 2013, 2012, and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012 and 2011 were \$15,088, \$15,350, and \$17,028 respectively; 100 percent has been contributed for fiscal years 2013, 2012, and 2011.

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

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

Funding Policy – Ohio Revised Code Chapter 3307, authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal years 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$87,023 \$89,316 and \$92,871 respectively. For fiscal year 2013, 71.49 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

## **NOTE 13 - OTHER EMPLOYEE BENEFITS**

### **A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and certain administrators earn ten to twenty days of vacation per fiscal year,

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

**B. Insurance Benefits**

The School District provides hospitalization and major medical, prescription drug and dental coverage for all eligible employees through the Health Plan HMO. The certified staff can choose from Plan A, Plan B or Plan C with premiums ranging from \$1,482.33 to \$999.77 for family coverage and \$511.15 to \$340.46 for single coverage. The Plans vary by the amount of the co-pay, coinsurance and annual deductible. The Board pays approximately 90 percent of the premium for family and single coverage on Plan A and Plan B and 100 percent of the premium on Plan C.

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

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

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

**NOTE 14 – FUND OBLIGATIONS**

The School District issued a \$1,000,000 tax anticipation note for operations on January 30, 2013. The note was issued with a 2.50 percent interest rate, and was issued in anticipation of property tax receipts, and was backed by the full faith and credit of the School District. The note was fully paid on April 30, 2013.

**NOTE 15 – CONTRACTUAL COMMITMENTS**

On January 10, 2013, the School District entered into an agreement with H.E.A.T. Total Energy Solutions, in the amount of \$781,650 for completion of a House Bill Energy Conservation and School Improvement Project. In addition, on January 31, 2013, the District entered into an agreement with Insulated Roofing, in the amount of \$271,222 for improvements to the high school roof project. Funding for the roof improvements consisted of revenue from the House Bill Energy Conservation and School Improvement Bond as well as from the gas and oil lease signing bonus. As of June 30, 2013 the District had the following contractual commitment:

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	Purchase	Amount Paid	Amount Remaining
Contractor	Commitment	as of 6/30/13	on Contract
H.E.A.T. Total Energy Solutions	\$781,650	\$620,319	\$161,331
Insulated Roofing	272,111	136,500	135,611
<b>Total Construction Commitments</b>	<b>\$1,053,761</b>	<b>\$756,819</b>	<b>\$296,942</b>

**NOTE 16 – CAPITAL LEASES – LESSEE DISCLOSURE**

In prior years, the School District entered into capitalized leases for copying equipment. Capital lease payments, have been reclassified from functional expenditures and are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balance for the governmental funds.

Assets acquired by governmental activities capitalized leases are reported net of accumulated depreciation in the amount of \$19,695. Principal payments in fiscal year 2013 totaled \$5,619, in the governmental funds. Future minimum lease payments through fiscal year 2017 are as follows:

Fiscal Year	Governmental Activities	
	Principal	Interest
2014	\$5,934	\$1,002
2015	6,267	672
2016	6,615	321
2017	2,286	30
<b>Total</b>	<b>\$21,102</b>	<b>\$2,025</b>

**NOTE 17 - LONG - TERM OBLIGATIONS**

The changes in the School District’s long-term obligations during fiscal year 2013 were as follows:

	Outstanding			Outstanding 6/30/13	Amounts Due Within One Year
	6/30/12	Additions	Reductions		
<b>General Obligation Bonds:</b>					
2013 Energy Conservation and School Improvements Bonds \$885,000 Term Bonds @ 1.0%-3.80%	\$0	\$885,000	\$0	\$885,000	\$0
Premium - \$2,865	0	2,865	90	2,775	0
<b>Total General Obligation Bonds</b>	<b>0</b>	<b>887,865</b>	<b>90</b>	<b>887,775</b>	<b>0</b>
Capital Leases	26,721	0	5,619	21,102	5,934
Compensated Absences	1,308,147	230,595	287,403	1,251,339	131,897
<b>Total General Long-Term Obligations</b>	<b>\$1,334,868</b>	<b>\$1,118,460</b>	<b>\$293,112</b>	<b>\$2,160,216</b>	<b>\$137,831</b>

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*2013 Energy Conservation and School Improvement Bonds* – On January 10, 2013, Buckeye Local School District issued \$885,000 of general obligation bonds, in accordance with House Bill 264. The bonds were issued to finance an energy conservation project. The term bonds were issued at a 1.0 percent to a 3.80 percent interest rate, for a period of fifteen years with a final maturity at December 1, 2028. The bonds were issued with a premium of \$2,865 which is reported as an increase to bonds payable. This amount is being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of the premium for 2013 was \$90.

As part of the bond issuance, the School District, pursuant to Section 3317.18, Ohio Revised Code, and Section 3301-8-01, Ohio Administrative Code, participated in the Ohio Credit Enhancement Program. On December 12, 2012, Moody’s Investors Service reviewed and assigned a rating of Aa2 to the Energy Conservation and School Improvement Bonds. In the event the School District is unable to make sufficient debt service payments and the payment will not be made by a credit enhancement facility, the Department of Education will make the sufficient payment.

The Term Bonds maturing on December 1, 2015 are subject to mandatory sinking fund redemption at the redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts as follows:

<u>Redemption Date</u> (December 1)	<u>Principal Amount</u> to be Redeemed
2014	<u><u>\$60,000</u></u>

The remaining principal amount of such Term Bonds (\$65,000) will mature at stated maturity on December 1, 2015.

The Term Bonds maturing on December 1, 2017 are subject to mandatory sinking fund redemption at the redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts as follows:

<u>Redemption Date</u> (December 1)	<u>Principal Amount</u> to be Redeemed
2016	<u><u>\$65,000</u></u>

The remaining principal amount of such Term Bonds (\$65,000) will mature at stated maturity on December 1, 2017.

The Term Bonds maturing on December 1, 2019 are subject to mandatory sinking fund redemption at the redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts as follows:



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Redemption Date (December 1)	Principal Amount to be Redeemed
2018	\$65,000

The remaining principal amount of such Term Bonds (\$50,000) will mature at stated maturity on December 1, 2019.

The Term Bonds maturing on December 1, 2021 are subject to mandatory sinking fund redemption at the redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts as follows:

Redemption Date (December 1)	Principal Amount to be Redeemed
2020	\$50,000

The remaining principal amount of such Term Bonds (\$55,000) will mature at stated maturity on December 1, 2021.

The Term Bonds maturing on December 1, 2024 are subject to mandatory sinking fund redemption at the redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts as follows:

Redemption Date (December 1)	Principal Amount to be Redeemed
2022	\$55,000
2023	55,000

The remaining principal amount of such Term Bonds (\$55,000) will mature at stated maturity on December 1, 2024.

The Term Bonds maturing on December 1, 2028 are subject to mandatory sinking fund redemption at the redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts as follows:

Redemption Date (December 1)	Principal Amount to be Redeemed
2025	\$60,000
2026	60,000
2027	60,000

The remaining principal amount of such Term Bonds (\$65,000) will mature at stated maturity on December 1, 2028.

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Principal and interest requirements to retire the remaining term bonds for the 2013 Energy Conservation and School Improvement Bonds outstanding at June 30, 2013 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2014	\$0	\$19,880	\$19,880
2015	60,000	19,550	79,550
2016	65,000	18,862	83,862
2017	65,000	18,002	83,002
2018	65,000	16,994	81,994
2019-2023	275,000	67,494	342,494
2024-2028	290,000	31,566	321,566
2029	65,000	975	65,975
Total	<u>\$885,000</u>	<u>\$193,323</u>	<u>\$1,078,323</u>

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

Compensated absences will be paid from the General Fund.

The School District's overall legal debt margin was \$25,920,720, with an unvoted debt margin of \$297,841 at June 30, 2013.

**NOTE 18 – INTERNAL BALANCES AND TRANSFERS**

**A. Interfund Balances**

Interfund balances at June 30, 2013 consist of the following individual interfund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>
	<u>General Fund</u>
Other Nonmajor Governmental Funds	<u>\$50,530</u>

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

**B. Transfers**

Interfund transfers for the year ended June 30, 2013 consisted of the following:

<u>Transfers from</u>	<u>Transfers to</u>
	<u>Other Nonmajor</u>
	<u>Governmental</u>
General Fund	<u>\$7,786</u>

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Transfers from the General Fund were used to provide revenue to the Debt Service Fund for debt service interest payments on the HB 264 general obligation bond issue.

**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS**

*Jefferson County Joint Vocational School* – The Jefferson County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the six participating school district’s elected boards. The Board exercises total control over the District including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. To obtain financial information write to the Jefferson County Joint Vocational School, Karen Spoonmore, who serves as Treasurer, at 1509 County Highway 22A, Bloomingdale, Ohio 43910.

*Ohio Mid-Eastern Regional Educational Service Agency (Council)* - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each participants control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2013, the total amount paid to OME-RESA from the School District was \$1,273 for cooperative gas purchasing service administrative fees, \$29,090 for technology services and \$24,559 for financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

*The Coalition of Rural and Appalachian Schools (CORAS)* – The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Council provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. The School District’s membership fee was \$325 for fiscal year 2013.

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

**Buckeye Local School District**  
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For the Fiscal Year Ended June 30, 2013

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appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The Advisory Council exercises total control over the operations of the System including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Advisory Council. Financial information can be obtained from the Muskingum Valley Educational Service Center, 205 N. Seventh Street, Zanesville, Ohio, 43701.

*Ohio Schools Council (OSC)* – The Ohio Schools Council is a regional council of governments created under ORC 167, created by school districts for the purpose of saving dollars through volume purchases. OSC’s membership has grown to 197 school districts, educational service centers, joint vocational districts, and developmental disabilities boards located in 35 counties. Each participant supports the OSC by paying an annual participation fee. Each participating School District’s superintendent serves as a representative of the Assembly. The Assembly elects a nine member Board of Directors (Board) which is the policy making authority of the OSC. The Board appoints an Executive Director to oversee operations of the OSC. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and the designation of management. Each participants control is limited to its representation on the Board. During fiscal year 2013, the School District paid \$576 to the OSC. Financial information can be obtained by contacting William J. Zelei, the Executive Director at the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

**NOTE 20 – PUBLIC ENTITY POOL**

**Insurance Purchasing Pool**

*Ohio Schools Council Workers’ Compensation Group Rating Program (GRP)* – The School District participates in the Ohio Schools Council Workers’ Compensation Group Rating Program, an insurance purchasing pool. The GRP is comprised of a seven member Board of the Ohio Schools Council (Council). The Board governs and administers the pool. Each member’s control over the budgeting and financing of the pool is limited to its voting authority and any representation it may have on the Board. The Council has contracted with Sheakley to provide third-party administration of the GRP. Each year, the participating school districts are required to be a member of the Ohio Schools Council, and pay their required membership, as well as pay an enrollment fee to Sheakley Uniservice, Inc. to cover the costs of administration of the program. In fiscal year 2013, the School District’s enrollment fee of \$935 was paid to Sheakley Uniservice, Inc.

*Ohio School Plan (OSP)* – The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP’s business and affairs are conducted by a fifteen member Board of Directors consisting of school district superintendents and treasurers, as well as the president of Hylant Administrative Services and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Hylant Administrative Service is the sales and marketing representative, which establishes agreements between OSP and member schools.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

**NOTE 21 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the District's General Fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve. During fiscal year 2013, the Board of Education passed a resolution to expend all the previously reserved amounts for the budget reserve pursuant to State Statute.

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

	Capital Improvements	Budget Stabilization
Set-aside Restricted Balance as of June 30, 2012	\$0	\$115,961
Reduction in Requirement based on Revised Legislation	0	(115,961)
Current Year Set-aside Requirement	334,299	0
Current Year Qualifying Expenditures	(638,786)	0
Totals	(\$304,487)	\$0
Balance Carried Forward to Fiscal Year 2014	\$0	\$0

The School District had qualifying expenditures during the fiscal year that reduced the set-aside amount below zero for the capital acquisition set-aside which may not be carried forward to future years. The School District also had current year expenditures from debt proceeds in connection with the HB 264 capital project that may be carried forward to offset future set-aside requirements.

**NOTE 22 – CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2013.

**B. Litigation**

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

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**C. Lease**

The Board of Education has entered into a “Paid-Up” Oil and Gas Lease effective March 15, 2012 and continuing through March 15, 2017 with Chesapeake Exploration, L.L.C. In consideration of the execution of the lease, the School District received a signing bonus of \$803,297 during fiscal year 2013. The School District has a total of 160.6594 acres subject to the lease provisions which call for payments to the lessor, in addition to the bonus, royalties, less all taxes, assessments, and adjustments on production from the leasehold in the amount of 18 percent for oil or gas. The total carrying value of the land leased is \$576,897. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the School District has not received any financial compensation beyond the bonus.

**D. Labor Agreements**

The Ohio Association of Public School Employees labor agreement expired on July 1, 2013, and the Buckeye Local School Teachers’ Association negotiated agreement expired on September 1, 2013. The Board of Education is currently in negotiations, and no agreements have been approved as of the date of this compilation report.

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster				
Cash Assistance:				
National School Lunch Program	04-PU-13	10.555	\$404,916	\$404,916
National School Breakfast Program	05-PU-13	10.553	<u>130,853</u>	<u>130,853</u>
Total U.S. Department of Agriculture - Nutrition Cluster (Cash and Non-Cash)			535,769	535,769
<b>U.S. DEPARTMENT OF EDUCATION</b>				
School Counselor Grant	Q215E080068	84.215E		
Physical Education Grant		2012 84.215F	60,502	60,502
Building Bridges Grant	Q215M100019	84.215M	<u>264,126</u>	<u>264,126</u>
			<u>28,643</u>	<u>28,643</u>
Total Fund for Improvement of Education Grant			353,271	353,271
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education Grants to States Title VI-B Flow Through	6B-SF-13	84.027	<u>15,576</u>	<u>15,605</u>
Total Title VI B			15,576	15,605
Special Education - Preschool Grant	PG-S1-12 PG-S1-13	84.173	74,918	84,157
			<u>465,200</u>	<u>477,056</u>
Total Special Education - Preschool Grant			540,118	561,213
Total Special Education Cluster			555,694	576,818
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-12 C1-S1-13	84.010	100,988	92,592
			<u>597,464</u>	<u>597,464</u>
Total Title I			698,452	690,056
Title II A - Improving Teacher Quality	TR-S1-12 TR-S1-13	84.367	40,826	26,816
			<u>100,285</u>	<u>115,944</u>
Total Title II A			141,111	142,760
Title II D - Education Technology State Grants	TJ-S1-12	84.318	4,813	0
			<u>5,013</u>	<u>0</u>
Total Title II D			9,826	0
21st Century Grant	T1-S1-12 T1-S1-13	84.287	23,707	8,450
			<u>474,893</u>	<u>511,600</u>
			498,600	520,050
			<u>2,256,954</u>	<u>2,282,955</u>
Total Federal Financial Assistance			<u><b>\$2,792,723</b></u>	<u><b>\$2,818,724</b></u>

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

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
JUNE 30, 2013**

**A. SIGNIFICANT ACCOUNTING POLICIES**

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

**B. CHILD NUTRITION CLUSTER**

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





# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Local School District, Jefferson County, (the "District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 14, 2014. We noted the District adopted new accounting guidance in Governmental Accounting Standards Board No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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, opining 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

***Entity's Response to Finding***

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 14, 2014



# Dave Yost • Auditor of State

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

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

To the Board of Education:

### ***Report on Compliance for Each Major Federal Program***

We have audited the Buckeye Local School District's (the "District") compliance with the applicable 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 the Buckeye Local School District's major federal programs for the year ended June 30, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

### ***Management's Responsibility***

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Buckeye Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

**Report on Internal Control Over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 14, 2014

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2013**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster 10.553 and 10.555 Special Education Cluster 84.027 and 84.173
<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**

**FINDING 2013-001**

**Noncompliance – Finding for Recovery Repaid Under Audit**

The Superintendent's contract states that he shall be entitled to 10 non-contracted (comp) workdays per contract year without board approval. The Superintendent shall be compensated at his per diem rate for such days. The District mistakenly paid the Superintendent an additional amount. There is no authority that allows for the additional amount to be paid.

**Amount due per contract:**

Maximum comp days allowed per contract	10
Daily rate	<u>334</u>
<b>Total amount due</b>	<b>\$ 3,340</b>

**Amount paid** **\$ 4,215**

**Overpayment** **\$ 875**

The District overpaid Mark Miller, Superintendent, for compensatory days in the amount for \$875 for the year ended June 30, 2013.

In accordance with the foregoing facts, and pursuant to Section 117.28 of the Ohio Revised Code, a finding for recovery for public money illegal expended is hereby issued against Mark Miller, Superintendent, and his bonding company, Travelers Casualty and Surety Company of America, jointly and severally, in the amount of \$875, and in favor of the General Fund of Buckeye Local School District.

This finding for recovery was repaid on December 20, 2013 with check number 580502 in the amount of \$875.

**Officials Response:**

The overpayment to Mark Miller for his noncontracted (comp) work days was in error. Neither the Treasurer nor Mr. Miller had paid or requested this intentionally. As soon as the auditor brought it to our attention, the overpayment was repaid.

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

**None**



# Dave Yost • Auditor of State

## Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

Ohio Revised 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 Revised 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 January 14, 2013 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

May 14, 2014

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# Dave Yost • Auditor of State

**BUCKEYES LOCAL SCHOOL DISTRICT**

**JEFFERSON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 17, 2014**