



Dave Yost • Auditor of State

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Buckeye Joint Vocational School District
Tuscarawas County
545 University Drive NE
New Philadelphia, Ohio 44663

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 the Buckeye Joint Vocational School District, Tuscarawas County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District'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 the Buckeye Joint Vocational School District, Tuscarawas County, Ohio, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows 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.

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 District's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Expenditures (the Schedule) 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 is management's responsibility, and derives from and relate 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 the 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 February 9, 2015, 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

February 9, 2015

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**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

The management's discussion and analysis of the Buckeye Joint Vocational School District (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- In total, net position of governmental activities increased \$1,303,074 which represents a 5.15% increase from 2013.
- General revenues accounted for \$11,423,719 in revenue or 76.33% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,541,653 or 23.67% of total revenues of \$14,965,372.
- The District had \$13,662,298 in expenses related to governmental activities; \$3,541,653 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$11,423,719 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and the building fund. The general fund had \$12,363,949 in revenues and \$11,957,748 in expenditures and other financing uses. During fiscal year 2014, the general fund's fund balance increased \$406,201 from a balance of \$13,094,362 to \$13,500,563.
- The building fund had \$454,410 in revenues and \$937,558 in expenditures. During fiscal year 2014, the building fund's fund balance decreased \$483,148 from \$4,551,239 to \$4,068,091.

Using these Basic Financial Statements

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

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

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net position and statement of activities can be found on pages 15-16 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 11. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the building fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-21 of this report.

Proprietary Funds

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for employee benefits self-insurance. The basic proprietary fund financial statements can be found on pages 22-24 of this report.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 25 and 26. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-54 of this report.

The District as a Whole

Recall that the statement of net position provides the perspective of the District as a whole.

The table below provides a summary of the District's net position at June 30, 2014 and June 30, 2013.

	Net Position	
	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
<u>Assets</u>		
Current and other assets	\$ 27,501,802	\$ 26,597,200
Capital assets, net	<u>6,259,432</u>	<u>5,014,014</u>
Total assets	<u>33,761,234</u>	<u>31,611,214</u>
<u>Liabilities</u>		
Current liabilities	1,552,525	1,592,295
Long-term liabilities	<u>508,234</u>	<u>558,498</u>
Total liabilities	<u>2,060,759</u>	<u>2,150,793</u>
<u>Deferred inflows</u>	<u>5,114,142</u>	<u>4,177,162</u>
<u>Net Position</u>		
Net investment in capital assets	6,225,659	4,878,846
Restricted	5,651,414	6,248,054
Unrestricted	<u>14,709,260</u>	<u>14,156,359</u>
Total net position	<u>\$ 26,586,333</u>	<u>\$ 25,283,259</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the District's assets exceeded liabilities and deferred inflows by \$26,586,333. Of this total, \$14,709,260 is unrestricted in use.

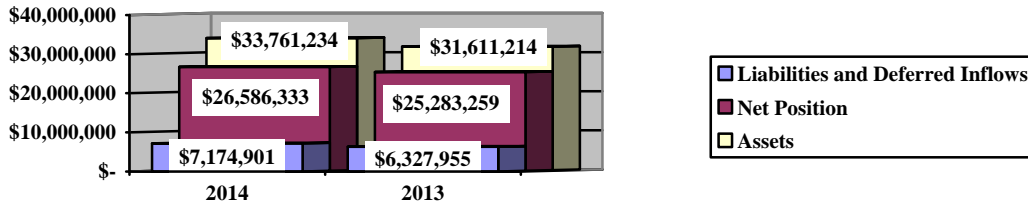
**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

At year-end, capital assets represented 18.54% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. The District's net investment in capital assets at June 30, 2014, was \$6,225,659. These capital assets are used to provide services to the students and are not available for future spending.

A portion of the District's net position, \$5,651,414, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$14,709,260 may be used to meet the District's ongoing obligations to the students and creditors.

Governmental Activities



Certain revenue classifications have been restated by the District for fiscal year 2013 to conform to fiscal year 2014 presentation due to changes in the reporting tuition revenues provided by the State of Ohio. The table below shows the changes in net position for governmental activities for fiscal years 2014 and 2013.

Change in Net Position

	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,648,018	\$ 1,981,739
Operating grants and contributions	1,893,635	1,845,668
General revenues:		
Property taxes	5,056,380	4,771,505
Grants and entitlements	6,287,737	6,399,629
Investment earnings	78,057	38,306
Other	<u>1,545</u>	<u>59,404</u>
Total revenues	<u>14,965,372</u>	<u>15,096,251</u>

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Change in Net Position

	<u>Governmental Activities 2014</u>	<u>Governmental Activities 2013</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	1,456,187	1,333,854
Special	512,202	794,982
Vocational	5,209,078	6,314,376
Adult/continuing	1,031,774	1,279,703
Other	173,219	3,536
Support services:		
Pupil	937,475	948,997
Instructional staff	231,357	727,793
Board of education	32,473	104,105
Administration	1,423,377	723,543
Fiscal	519,691	430,582
Business	81,466	3,044
Operations and maintenance	1,384,309	1,429,043
Pupil transportation	14,014	12,918
Central	204,905	194,912
Other non-instructional services	1,000	7
Food service operations	438,593	472,975
Extracurricular activities	8,524	11,173
Interest and fiscal charges	2,654	5,557
Total expenses	<u>13,662,298</u>	<u>14,791,100</u>
Change in net position	1,303,074	305,151
Net position at beginning of year	<u>25,283,259</u>	<u>24,978,108</u>
Net position at end of year	<u><u>\$ 26,586,333</u></u>	<u><u>\$ 25,283,259</u></u>

Governmental Activities

Net position of the District's governmental activities increased \$1,303,074. Total governmental expenses of \$13,662,298 were offset by program revenues of \$3,541,653 and general revenues of \$11,423,719. Program revenues supported 25.92% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements. These revenue sources represent 75.80% of total governmental revenue.

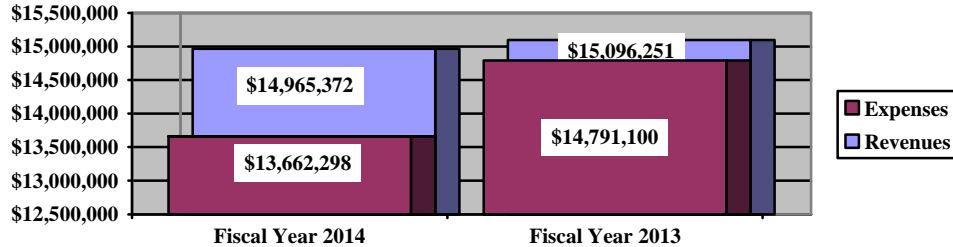
The largest expense of the District is for instructional programs. Instruction expenses totaled \$8,382,460 or 61.35% of total governmental expenses for fiscal year 2014.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2014 and 2013.

Governmental Activities - Revenues and Expenses



Certain net cost of services classifications have been restated by the District for fiscal year 2013 to conform to fiscal year 2014 presentation due to changes in the reporting of tuition revenues provided by the State of Ohio. The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2014 and 2013. That is, it identifies the cost of these services supported by tax revenue, unrestricted State grants and entitlements, and other general revenues.

	Governmental Activities			
	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Program expenses				
Instruction:				
Regular	\$ 1,456,187	\$ 1,456,187	\$ 1,333,854	\$ 1,206,766
Special	512,202	449,407	794,982	758,505
Vocational	5,209,078	3,834,092	6,314,376	5,051,065
Adult/continuing	1,031,774	71,086	1,279,703	(66,930)
Other	173,219	133,012	3,536	3,536
Support services:				
Pupil	937,475	714,238	948,997	741,745
Instructional staff	231,357	221,925	727,793	553,323
Board of education	32,473	32,473	104,105	104,105
Administration	1,423,377	1,213,635	723,543	723,543
Fiscal	519,691	417,475	430,582	427,030
Business	81,466	77,962	3,044	3,044
Operations and maintenance	1,384,309	1,384,309	1,429,043	1,429,043
Pupil transportation	14,014	14,014	12,918	12,918
Central	204,905	63,752	194,912	3,536
Other non-instructional services	1,000	(2,000)	7	(993)
Food service operations	438,593	27,900	472,975	11,595
Extracurricular activities	8,524	8,524	11,173	(3,695)
Interest and fiscal charges	2,654	2,654	5,557	5,557
Total expenses	<u>\$ 13,662,298</u>	<u>\$ 10,120,645</u>	<u>\$ 14,791,100</u>	<u>\$ 10,963,693</u>

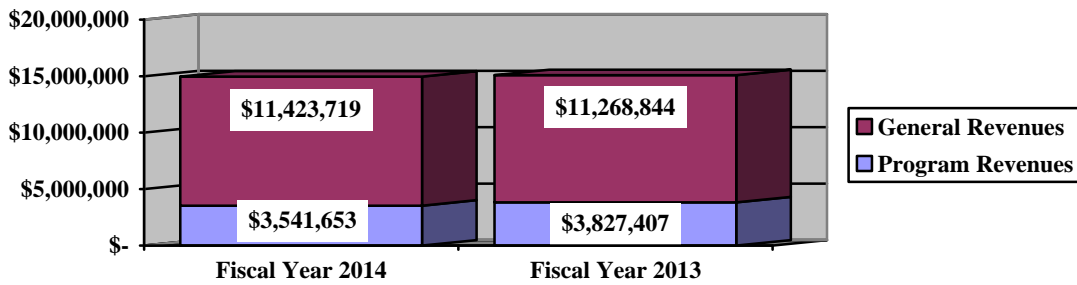
**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

The dependence upon tax and other general revenues for governmental activities is apparent, as 70.91% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 74.08%. The District's taxpayers and State funding are the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2014 and 2013.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$18,971,108, which is less than last year's total of \$19,044,960. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2014 and 2013.

	Fund Balance June 30, 2014	Fund Balance June 30, 2013	Increase Decrease	Percentage Change
General	\$ 13,500,563	\$13,094,362	\$ 406,201	3.10 %
Building	4,068,091	4,551,239	(483,148)	(10.62) %
Other Governmental	<u>1,402,454</u>	<u>1,399,359</u>	<u>3,095</u>	0.22 %
Total	<u>\$ 18,971,108</u>	<u>\$19,044,960</u>	<u>\$ (73,852)</u>	(0.39) %

General Fund

The District's general fund balance remained relatively stable, with an increase in fund balance of \$406,201 or 3.10%. Tax revenues increased from fiscal year 2013 to fiscal year 2014 due to an increase in the amount of tax advances available. The amount of taxes collected and available as an advance is recorded as tax revenue on the modified accrual basis of accounting and can vary depending upon when tax bills are sent out by the County Auditors. The increase in tuition is due to an increase in foundation settlement tuition revenues. The increase in earnings on investments was primarily due to an increase in the amount of investments. The decrease in charges for services was due to a decrease in rotary fund customer services. Classroom materials and fees decreased due to a decrease in classroom supplies and sale of workbooks in fiscal year 2014. The decrease in other revenue was due to decreases in sale of assets and other miscellaneous revenues. All District expenditures remained relatively consistent with the prior year.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Certain revenue classifications have been restated by the District for fiscal year 2013 to conform to fiscal year 2014 presentation due to changes in the reporting of tuition revenues provided by the State of Ohio. The table that follows assists in illustrating the general fund revenues for fiscal years 2014 and 2013.

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 4,705,283	\$ 4,310,386	\$ 394,897	9.16 %
Tuition	287,366	254,469	32,897	12.93 %
Earnings on investments	70,983	28,000	42,983	153.51 %
Charges for services	206,384	396,748	(190,364)	(47.98) %
Classroom materials and fees	58,954	65,873	(6,919)	(10.50) %
Intergovernmental	7,012,358	6,910,510	101,848	1.47 %
Other revenues	<u>22,621</u>	<u>75,272</u>	<u>(52,651)</u>	<u>(69.95) %</u>
Total	<u>\$ 12,363,949</u>	<u>\$ 12,041,258</u>	<u>\$ 322,691</u>	<u>2.68 %</u>
<u>Expenditures</u>				
Instruction	\$ 7,717,028	\$ 7,909,161	\$ (192,133)	(2.43) %
Support services	4,128,952	3,912,534	216,418	5.53 %
Other non-instructional services	1,000	7	993	100.00 %
Extracurricular activities	8,524	11,173	(2,649)	(23.71) %
Debt service	<u>57,244</u>	<u>57,244</u>	<u>-</u>	<u>- %</u>
Total	<u>\$ 11,912,748</u>	<u>\$ 11,890,119</u>	<u>\$ 22,629</u>	<u>0.19 %</u>

Building Fund

The building fund had \$454,410 in revenues and \$937,558 in expenditures. Expenditures in the building fund increased \$518,105 due to the completion of security upgrades during fiscal year 2014. The building fund's fund balance decreased \$483,148 from \$4,551,239 to \$4,068,091 during fiscal year 2014.

General Fund Budgeting Highlights

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

During the course of fiscal year 2014, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources of \$11,827,000 were \$520,900 greater than original budgeted revenues of \$11,306,100. Actual revenues and other financing sources for fiscal year 2014 were \$12,342,769. This represents a \$515,769 increase over final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) of \$12,808,606 were decreased to \$12,308,606 in the final appropriated budget. The actual budget basis expenditures and other financing uses for fiscal year 2014 totaled \$11,889,721, which was \$418,885 less than the final budget appropriations, due to controls on spending.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the District had \$6,259,432 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2014 balances compared to 2013:

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

	Governmental Activities	
	2014	2013
Land	\$ 582,550	\$ 582,550
Construction in progress	-	60,330
Land improvements	22,254	9,869
Building and improvements	3,685,757	2,313,379
Furniture and equipment	1,900,078	2,008,449
Vehicles	68,793	39,437
Total	\$ 6,259,432	\$ 5,014,014

The overall increase in capital assets of \$1,245,418 is due to capital outlays of \$1,919,788 exceeding depreciation expense of \$641,800 and disposals of \$32,570 (net of accumulated depreciation) in the fiscal year.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2014, the District had \$33,773 in capital lease obligations outstanding. Of this total, \$21,143 is due within one year and \$12,630 is due within greater than one year. The following table summarizes the outstanding debt at year end.

Outstanding Debt, at Year End

	Governmental Activities	Governmental Activities
	2014	2013
Capital lease obligations	\$ 33,773	\$ 88,363
Total	\$ 33,773	\$ 88,363

See Note 11 to the basic financial statements for additional information on the District's long-term obligations.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Current Financial Related Activities

The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast.

The financial future of the District is not without its challenges. These challenges are internal and external in nature. The internal challenges will continue to exist as the District must rely heavily on local property taxes to fund its operations. External challenges continue to evolve as the State of Ohio determines the outcome of the Ohio Supreme Court case dealing with the unconstitutionality of the State's educational funding system.

Although the District relies heavily on its property taxpayers to support its operations, the community support for the District is quite strong. Both of our levies have been renewed by an overwhelming margin. The District expects to have a positive general fund balance through 2018. We have tried to communicate to the public the service that our District provides to the community. We have a very strong adult education program that services many of our community members. The District has a strong public relations campaign that explains to the public what we are trying to do.

Externally, the State of Ohio was found by the Ohio Supreme Court in March, 1997 to be operating an unconstitutional educational funding system, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its additional financial support toward Career District's with little property tax wealth. In May of 2001, the Ohio Supreme Court again, ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes, which are inherently not "equitable" nor "adequate". The court directed the Governor and the legislature to address the fundamental issue creating the inequities. In December, 2002, the Ohio Supreme Court issued its latest opinion that Ohio's current school funding system is unconstitutional. However, the Supreme Court also relinquished jurisdiction over the case and directed the "...Ohio General Assembly to enact a school funding scheme that is thorough and efficient..."

The District does not anticipate an increase in the State revenue. A new budget will be enacted in July, 2015. There will be a clearer picture, at that time, as to what future state funding will be. The District is currently on the guarantee for State foundation funds. Enrollment has decreased over the past several years, but the District is hoping to increase enrollment in the future.

As a result of the challenges mentioned above, it is imperative that the District's management continue to carefully and prudently plan to provide the resources required to meet student needs over the next several years.

Contacting the District's Financial Management

This financial report is designed to provide our citizens taxpayers, and investors and creditors with a general overview of the District's finances and to show that the District is accountable for the money it receives. If you have questions about this report or need additional financial information contact Ms. Carla Cooper, Treasurer, Buckeye Joint Vocational School, 545 University Drive NE, New Philadelphia, OH 44663, or email at ccooper@buckeyecareercenter.org.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 19,651,671
Cash with fiscal agent	1,642,770
Receivables:	
Property taxes	5,893,416
Accounts	139,436
Accrued interest	8,460
Intergovernmental	41,288
Prepayments	9,205
Materials and supplies inventory	115,556
Capital assets:	
Land and construction in progress	582,550
Depreciable capital assets, net	5,676,882
Capital assets, net	6,259,432
Total assets	33,761,234
Liabilities:	
Accounts payable	231,664
Accrued wages and benefits payable	918,270
Pension obligation payable	114,017
Intergovernmental payable	32,160
Accrued vacation payable	115,042
Claims payable	141,372
Long-term liabilities:	
Due within one year	21,143
Due in more than one year	487,091
Total liabilities	2,060,759
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	5,114,142
Total deferred inflows of resources	5,114,142
Net position:	
Net investment in capital assets	6,225,659
Restricted for:	
Capital projects	4,089,049
Federally funded programs	7,836
Adult education	1,554,529
Unrestricted	14,709,260
Total net position	\$ 26,586,333

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 1,456,187	\$ -	\$ -	\$ (1,456,187)
Special	512,202	-	62,795	(449,407)
Vocational	5,209,078	570,780	804,206	(3,834,092)
Adult/continuing.	1,031,774	652,812	307,876	(71,086)
Other	173,219	-	40,207	(133,012)
Support services:				
Pupil.	937,475	27,027	196,210	(714,238)
Instructional staff	231,357	-	9,432	(221,925)
Board of education	32,473	-	-	(32,473)
Administration.	1,423,377	209,742	-	(1,213,635)
Fiscal.	519,691	-	102,216	(417,475)
Business.	81,466	-	3,504	(77,962)
Operations and maintenance	1,384,309	-	-	(1,384,309)
Pupil transportation.	14,014	-	-	(14,014)
Central	204,905	-	141,153	(63,752)
Operation of non-instructional services:				
Other non-instructional services	1,000	-	3,000	2,000
Food service operations	438,593	187,657	223,036	(27,900)
Extracurricular activities.	8,524	-	-	(8,524)
Interest and fiscal charges	2,654	-	-	(2,654)
Total governmental activities	\$ 13,662,298	\$ 1,648,018	\$ 1,893,635	(10,120,645)
General revenues:				
Property taxes levied for:				
General purposes				4,692,067
Capital outlay.				364,313
Grants and entitlements not restricted to specific programs				6,287,737
Investment earnings				78,057
Miscellaneous				1,545
Total general revenues				11,423,719
Change in net position				1,303,074
Net position at beginning of year				25,283,259
Net position at end of year.				\$ 26,586,333

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>General</u>	<u>Building</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and investments	\$ 14,042,230	\$ 4,042,289	\$ 1,567,152	\$ 19,651,671
Receivables:				
Property taxes	5,472,458	420,958	-	5,893,416
Accounts	860	-	138,576	139,436
Accrued interest	8,460	-	-	8,460
Interfund loans	87,978	-	-	87,978
Intergovernmental	-	-	41,288	41,288
Prepayments	9,205	-	-	9,205
Materials and supplies inventory	107,458	-	8,098	115,556
Total assets	<u>\$ 19,728,649</u>	<u>\$ 4,463,247</u>	<u>\$ 1,755,114</u>	<u>\$ 25,947,010</u>
Liabilities:				
Accounts payable	\$ 196,195	\$ 8,902	\$ 26,567	\$ 231,664
Accrued wages and benefits payable	874,977	-	43,293	918,270
Interfund loans payable	-	-	87,978	87,978
Intergovernmental payable	27,954	-	4,206	32,160
Pension obligation payable	103,265	-	10,752	114,017
Total liabilities	<u>1,202,391</u>	<u>8,902</u>	<u>172,796</u>	<u>1,384,089</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	4,748,846	365,296	-	5,114,142
Delinquent property tax revenue not available	272,458	20,958	-	293,416
Accrued interest not available	4,391	-	-	4,391
Miscellaneous revenue not available	-	-	138,576	138,576
Intergovernmental revenue not available	-	-	41,288	41,288
Total deferred inflows of resources	<u>5,025,695</u>	<u>386,254</u>	<u>179,864</u>	<u>5,591,813</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	107,458	-	8,098	115,556
Prepays	9,205	-	-	9,205
Unclaimed monies	2,043	-	-	2,043
Restricted:				
Capital improvements	-	4,068,091	-	4,068,091
Adult education	-	-	1,460,142	1,460,142
Assigned:				
Student instruction	42,722	-	-	42,722
Student and staff support	127,106	-	-	127,106
Subsequent year appropriations	152,195	-	-	152,195
Uniform school supplies	83,283	-	-	83,283
Vocational education	230,932	-	-	230,932
Capital improvements	113,577	-	-	113,577
Other purposes	51,214	-	-	51,214
Unassigned (deficit)	12,580,828	-	(65,786)	12,515,042
Total fund balances	<u>13,500,563</u>	<u>4,068,091</u>	<u>1,402,454</u>	<u>18,971,108</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 19,728,649</u>	<u>\$ 4,463,247</u>	<u>\$ 1,755,114</u>	<u>\$ 25,947,010</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2014

Total governmental fund balances		\$	18,971,108
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			6,259,432
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	293,416	
Accounts receivable		138,576	
Accrued interest receivable		4,391	
Intergovernmental receivable		41,288	
Total		477,671	477,671
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			1,501,398
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Capital lease obligations		(33,773)	
Sick leave obligation		(474,461)	
Accrued vacation payable		(115,042)	
Total		(623,276)	(623,276)
Net position of governmental activities		\$	26,586,333

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Building</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 4,705,283	\$ 380,825	\$ -	\$ 5,086,108
Tuition	287,366	-	883,445	1,170,811
Earnings on investments	70,983	2,168	11	73,162
Charges for services	-	-	187,657	187,657
Classroom materials and fees	58,954	-	4,823	63,777
Contributions and donations	3,000	-	-	3,000
Contract services	206,384	-	-	206,384
Other local revenues	19,621	-	8,258	27,879
Intergovernmental - state	7,012,358	71,417	297,820	7,381,595
Intergovernmental - federal	-	-	871,966	871,966
Total revenues	<u>12,363,949</u>	<u>454,410</u>	<u>2,253,980</u>	<u>15,072,339</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,481,914	-	-	1,481,914
Special	462,588	-	65,196	527,784
Vocational	5,635,418	-	8,167	5,643,585
Adult/continuing	-	-	1,021,859	1,021,859
Other	137,108	-	41,744	178,852
Support services:				
Pupil	732,375	-	230,200	962,575
Instructional staff	257,747	-	9,420	267,167
Board of education	32,473	-	-	32,473
Administration	1,083,791	-	323,565	1,407,356
Fiscal	494,053	24,161	3,500	521,714
Business	82,227	-	-	82,227
Operations and maintenance	1,383,704	18,026	-	1,401,730
Pupil transportation	3,089	-	-	3,089
Central	59,493	-	146,550	206,043
Operation of non-instructional services:				
Other non-instructional services	1,000	-	-	1,000
Food service operations	-	-	445,684	445,684
Extracurricular activities	8,524	-	-	8,524
Facilities acquisition and construction	-	895,371	-	895,371
Debt service:				
Principal retirement	54,590	-	-	54,590
Interest and fiscal charges	2,654	-	-	2,654
Total expenditures	<u>11,912,748</u>	<u>937,558</u>	<u>2,295,885</u>	<u>15,146,191</u>
Excess (deficiency) of revenues over (under) expenditures	451,201	(483,148)	(41,905)	(73,852)
Other financing sources (uses):				
Transfers in	-	-	45,000	45,000
Transfers (out)	(45,000)	-	-	(45,000)
Total other financing sources (uses)	<u>(45,000)</u>	<u>-</u>	<u>45,000</u>	<u>-</u>
Net change in fund balances	406,201	(483,148)	3,095	(73,852)
Fund balances at beginning of year	<u>13,094,362</u>	<u>4,551,239</u>	<u>1,399,359</u>	<u>19,044,960</u>
Fund balances at end of year	<u>\$ 13,500,563</u>	<u>\$ 4,068,091</u>	<u>\$ 1,402,454</u>	<u>\$ 18,971,108</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds	\$	(73,852)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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.		
Capital asset additions	\$ 1,919,788	
Current year depreciation	(641,800)	
Total		1,277,988
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(32,570)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(29,728)	
Tuition	1,312	
Earnings on investments	577	
Intergovernmental	(83,457)	
Total		(111,296)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		54,590
Some expenses reported in the statement of activities, such as sick leave obligation and accrued vacation payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Sick leave obligation	(66,336)	
Accrued vacation payable	42,531	
Total		(23,805)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund is allocated among the governmental activities.		
		212,019
Change in net position of governmental activities	\$	1,303,074

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 4,120,100	\$ 4,443,500	\$ 4,861,325	\$ 417,825
Earnings on investments	50,000	37,000	44,271	7,271
Other local revenues	30,000	1,500	1,545	45
Intergovernmental - state	7,106,000	7,217,000	7,299,724	82,724
Total revenues	<u>11,306,100</u>	<u>11,699,000</u>	<u>12,206,865</u>	<u>507,865</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,594,860	1,513,900	1,467,159	46,741
Special	672,855	523,460	497,282	26,178
Vocational	5,435,704	5,417,931	5,263,189	154,742
Other	190,343	172,840	124,498	48,342
Support services:				
Pupil	668,286	725,585	723,419	2,166
Instructional staff	312,621	318,150	297,586	20,564
Board of education	52,216	51,286	37,379	13,907
Administration	1,269,564	1,150,650	1,105,733	44,917
Fiscal	451,455	503,260	494,173	9,087
Business	86,075	85,170	82,130	3,040
Operations and maintenance	1,635,149	1,526,706	1,494,758	31,948
Pupil transportation	7,058	13,548	2,843	10,705
Central	89,968	49,120	48,084	1,036
Extracurricular activities	12,452	12,000	8,510	3,490
Total expenditures	<u>12,478,606</u>	<u>12,063,606</u>	<u>11,646,743</u>	<u>416,863</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,172,506)</u>	<u>(364,606)</u>	<u>560,122</u>	<u>924,728</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	-	2,552	2,552
Transfers (out)	(50,000)	(45,000)	(45,000)	-
Advances in	-	128,000	133,352	5,352
Advances (out)	(280,000)	(200,000)	(197,978)	2,022
Total other financing sources (uses)	<u>(330,000)</u>	<u>(117,000)</u>	<u>(107,074)</u>	<u>9,926</u>
Net change in fund balance	(1,502,506)	(481,606)	453,048	934,654
Fund balance at beginning of year	13,026,768	13,026,768	13,026,768	-
Prior year encumbrances appropriated	218,563	218,563	218,563	-
Fund balance at end of year	<u>\$ 11,742,825</u>	<u>\$ 12,763,725</u>	<u>\$ 13,698,379</u>	<u>\$ 934,654</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014

	<u>Governmental Activities - Internal Service Fund</u>
Assets:	
Cash with fiscal agent	\$ 1,642,770
Total assets.	<u>1,642,770</u>
Liabilities:	
Claims payable	<u>141,372</u>
Total liabilities	<u>141,372</u>
Net position:	
Unrestricted.	<u>1,501,398</u>
Total net position.	<u><u>\$ 1,501,398</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Governmental Activities - Internal Service Fund</u>
Operating revenues:	
Sales/charges for services.	\$ 2,054,738
Total operating revenues	<u>2,054,738</u>
Operating expenses:	
Purchased services.	424,609
Claims	<u>1,422,439</u>
Total operating expenses.	<u>1,847,048</u>
Operating income	<u>207,690</u>
Nonoperating revenues:	
Interest revenue	<u>4,329</u>
Total nonoperating revenues.	<u>4,329</u>
Change in net position	212,019
Net position at beginning of year.	<u>1,289,379</u>
Net position at end of year	<u>\$ 1,501,398</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from sales/charges for services	\$ 2,054,738
Cash payments for contractual services	(424,609)
Cash payments for claims	<u>(1,435,444)</u>
Net cash provided by operating activities	<u>194,685</u>
Cash flows from investing activities:	
Interest received	<u>4,329</u>
Net cash provided by investing activities	<u>4,329</u>
Net increase in cash with fiscal agent	199,014
Cash with fiscal agent at beginning of year	<u>1,443,756</u>
Cash with fiscal agent at end of year	<u><u>\$ 1,642,770</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 207,690
Changes in assets and liabilities: Decrease in claims payable	<u>(13,005)</u>
Net cash provided by operating activities	<u><u>\$ 194,685</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 84,472	\$ 57,440
Receivables:		
Accounts	-	129
Accrued interest.	30	-
Total assets.	84,502	\$ 57,569
Liabilities:		
Accounts payable.	-	\$ 163
Due to students.	-	57,406
Total liabilities	-	\$ 57,569
Net position:		
Held in trust for scholarships	84,502	
Total net position.	\$ 84,502	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Private Purpose Trust
	Scholarship
Additions:	
Interest	\$ 213
Deductions:	
Other	1,350
Change in net position	(1,137)
Net position at beginning of year.	85,639
Net position at end of year	\$ 84,502

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 - DESCRIPTION OF THE DISTRICT

The Buckeye Joint Vocational School District (the "District") is defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District exposes students to job training leading to employment upon graduation from high school. The District encompasses eleven members spread throughout Carroll, Coshocton, Guernsey, Harrison, Holmes, Stark, Tuscarawas and Wayne counties.

The District operates under an eleven member board representing Dover, New Philadelphia, Carrollton, Garaway, East Holmes, Strasburg, Conotton Valley, Claymont, Newcomerstown, Indian Valley and Tuscarawas Valley School Districts. Each Board member is elected to their home District and then appointed to the District's Board. The District provides educational services as authorized by State statute and federal guidelines. The District employs 80 certified employees, 10 administrators and 37 non-certified employees who provide services to 1,114 students and 3,008 adult education students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

The following organizations are described due to their relationship to the District.

JOINTLY GOVERNED ORGANIZATION

Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA)

The Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) was created as a regional council of governments pursuant to State statutes. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, Monroe, Muskingum, Noble and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating Districts' elected boards, which possesses its own budgeting and taxing authority. OME-RESA provides financial accounting services, educational management information, and cooperative purchasing to member Districts. The Jefferson County Educational Service Center serves as fiscal agent and receives funding from the State Department of Education. The District paid \$26,256 to OME-RESA during fiscal year 2014 for services. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Steubenville, Ohio 43952.

INSURANCE PURCHASING POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool. The Plan's business and affairs are conducted by a three-member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

Ohio Mid-Eastern Regional Educational Services Agency

The District is a participant with many other school districts in an insurance purchasing pool to operate the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA). OME-RESA was formed for the purpose of providing insurance. OME-RESA is governed by a Board of Directors consisting of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board.

Ohio School Plan

The District participates in the Ohio School Plan (the "Plan"), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Hyre Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. serves as the sales and marketing representative which established agreements between the Plan and its members. Financial information can be obtained from Harcum-Hyre Insurance Agency Inc., 246 East Sycamore Street, Columbus, Ohio 43205.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

Governmental funds focus 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 and liabilities and deferred inflows is reported as fund balance. The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Building fund - The building capital projects fund accounts for tax revenues that are used for any updates or major building renovations.

Other governmental funds of the District are used to account for specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUND

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides medical/surgical, dental and vision benefits to employees.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position 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 District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for donated monies restricted to provide college scholarship assistance to a graduate of the District. The District's agency funds are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. The agency funds reflect resources that belong to the student bodies of the various schools, accounting for sales and other revenue generating activities.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

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

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

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

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

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of this fund are included on the statement of fund net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's internal service fund is charges for services. Operating expenses for the internal service fund includes claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Accrued interest not available, grants not received within the available period, grants and entitlements received before the requirements are met, and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows on the governmental fund financial statements.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget

Tuscarawas County has waived the requirement of the formal tax budget. The county budget commission requires tax levy fund information and summary data for all funds to be submitted to the County Auditor, as Secretary of the County Budget Commission, by April 1st of each year, for the period July 1 to June 30 of the following year.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the original and final certificate of estimated resources issued during fiscal year 2014.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate of estimated resources saying no new certificate of estimated resources is necessary, the annual appropriations resolution must be legally enacted by the Board of Education at the fund level, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriations resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation total at the legal level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the fiscal year, supplemental appropriations were legally enacted.

The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the fiscal year for all funds, other than agency funds, consistent with statutory provisions.

Lapsing of Appropriations

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

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

Investments are reported at fair value which is based on quoted market prices.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

During fiscal year 2014, investments were limited to federal agency securities and a money market account, and the State Treasury Asset Reserve of Ohio (STAR Ohio). 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 shares price which is the price the investment could be sold for on June 30, 2014

Under existing Ohio statute, interest earnings are allocated to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2014 amounted to \$70,983, which included \$23,840 assigned from other District funds.

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

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

G. Inventory

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

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

H. Capital Assets

All capital assets of the District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net 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 District maintains a capitalization threshold of \$1,500. Donated capital assets are recorded at their fair market values as of the date received. The 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 JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	8 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable/payable”. These amounts are eliminated in the governmental activities column on the statement of net position.

J. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees that will meet the eligibility limits within the next four years are expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2014 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

K. Accrued Liabilities and Long-Term Obligations

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

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

L. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling 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 District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor 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 policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

M. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for adult education.

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

N. Prepayments

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

O. Estimates

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

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are charges for services for the employee self-insurance program. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activities of the fund, including claims and administrative expenses. Revenues and expenses not reported as operating are reported as nonoperating revenues and expenses.

Q. Interfund Activity

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

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2014.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2014, the District has implemented GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2014 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 20,212
Entry year programs	1
Adult basic education	14,870
Vocational education	22,605

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statute classifies monies held by the District into three categories.

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim deposits must be evidenced by time certificates of deposit or by savings accounts, including passbook accounts.

Interim monies may be deposited or invested in the following securities:

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

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

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

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash with Fiscal Agent

The District is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2014 was \$1,642,770. This amount is not included in the “deposits” or “investments” reported below.

B. Deposits with Financial Institutions

At June 30, 2014, the carrying amount of all District deposits was \$11,027,028. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2014, \$9,825,289 of the District’s bank balance of \$11,163,180 was exposed to custodial risk as discussed below, while \$1,337,891 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute.

C. Investments

As of June 30, 2014, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
FFCB	\$ 3,445,693	\$ 500,250	\$ -	\$ 502,255	\$ 943,443	\$ 1,499,745
FHLMC	555,033	-	-	-	-	555,033
FHLB	860,355	-	-	-	553,452	306,903
FNMA	1,682,696	-	-	-	-	1,682,696
STAR Ohio	2,000,635	2,000,635	-	-	-	-
Money market	222,143	222,143	-	-	-	-
Total	<u>\$ 8,766,555</u>	<u>\$ 2,723,028</u>	<u>\$ -</u>	<u>\$ 502,255</u>	<u>\$ 1,496,895</u>	<u>\$ 4,044,377</u>

The weighted average maturity of investments is 1.54 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District’s investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District’s investments were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the 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 federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2014:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
FFCB	\$ 3,445,693	39.31
FHLMC	555,033	6.33
FHLB	860,355	9.81
FNMA	1,682,696	19.19
STAR Ohio	2,000,635	22.83
Money market	222,143	2.53
Total	<u>\$ 8,766,555</u>	<u>100.00</u>

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 11,027,028
Investments	8,766,555
Cash with fiscal agent	<u>1,642,770</u>
Total	<u>\$ 21,436,353</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 21,294,441
Private-purpose trust fund	84,472
Agency fund	<u>57,440</u>
Total	<u>\$ 21,436,353</u>

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund loans receivable/payable consisted of the following at June 30, 2014, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 87,978</u>

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2014 are reported on the statement of net position.

- B. Interfund transfers for the year ended June 30, 2014, consisted of the following, as reported on the fund statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	<u>\$ 45,000</u>

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

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14 through 5705.16.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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 revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Public utility real and personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 6 - PROPERTY TAXES - (Continued)

The District receives property taxes from Tuscarawas, Carroll, Harrison, Stark, Holmes, Wayne, Coshoc-ton and Guernsey Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$451,154 in the general fund and \$34,704 in the building fund. This amount is recorded as revenue. The amount available for advance at June 30, 2013 was \$607,196 in the general fund and \$79,642 in the building fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2014 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.

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

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 2,326,831,370	94.56	\$ 2,431,152,280	94.10
Public utility personal	<u>133,735,620</u>	<u>5.44</u>	<u>152,556,640</u>	<u>5.90</u>
Total	<u>\$ 2,460,566,990</u>	<u>100.00</u>	<u>\$ 2,583,708,920</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$2.80		\$2.80	

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 7 - RECEIVABLES

Receivables at June 30, 2014 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Taxes	\$ 5,893,416
Accounts	139,436
Intergovernmental	41,288
Accrued interest	<u>8,460</u>
Total receivables	<u>\$ 6,082,600</u>

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

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance 6/30/13	Additions	Deductions	Balance 6/30/14
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 582,550	\$ -	\$ -	\$ 582,550
Construction in progress	<u>60,330</u>	<u>-</u>	<u>(60,330)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>642,880</u>	<u>-</u>	<u>(60,330)</u>	<u>582,550</u>
Capital assets, being depreciated:				
Land improvements	840,256	16,000	-	856,256
Buildings and improvements	12,053,212	1,574,740	-	13,627,952
Furniture and equipment	6,916,164	355,278	(407,111)	6,864,331
Vehicles	<u>483,101</u>	<u>34,100</u>	<u>-</u>	<u>517,201</u>
Total capital assets, being depreciated	<u>20,292,733</u>	<u>1,980,118</u>	<u>(407,111)</u>	<u>21,865,740</u>
Less: accumulated depreciation:				
Land improvements	(830,387)	(3,615)	-	(834,002)
Buildings and improvements	(9,739,833)	(202,362)	-	(9,942,195)
Furniture and equipment	(4,907,715)	(431,079)	374,541	(4,964,253)
Vehicles	<u>(443,664)</u>	<u>(4,744)</u>	<u>-</u>	<u>(448,408)</u>
Total accumulated depreciation	<u>(15,921,599)</u>	<u>(641,800)</u>	<u>374,541</u>	<u>(16,188,858)</u>
Governmental activities capital assets, net	<u>\$ 5,014,014</u>	<u>\$ 1,338,318</u>	<u>\$ (92,900)</u>	<u>\$ 6,259,432</u>

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 16,737
Vocational	590,073
Adult/continuing education	12,439
Support Services:	
Instructional staff	2,391
Administration	2,979
Operations and maintenance	5,668
Pupil transportation	10,925
Food service operations	<u>588</u>
Total depreciation expense	<u>\$ 641,800</u>

NOTE 9 - OPERATING LEASE - LESSEE AND LESSOR DISCLOSURE

The District is the lessor of oil and gas rights on certain land parcels owned by the District to the Sound Energy Company and Greenwood Resources, LLC. The lease agreements are from February 22, 2012 through February 21, 2017. The District received ten dollars at the execution of the lease and will receive one-eighth of the net revenue realized by the lessee for all oil and gas. The District did not receive any oil and gas lease revenue during fiscal year 2014.

NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In a previous year, the District entered into capitalized leases for copier equipment. These lease agreements meet the criteria of capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$249,431. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2014 was \$219,113, leaving a current book value of \$30,318. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2014 totaled \$54,590 paid by the general fund.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2014:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2015	\$ 21,867
2016	<u>12,797</u>
Total minimum lease payments	34,664
Less: amount representing interest	<u>(891)</u>
Total	<u>\$ 33,773</u>

NOTE 11 - LONG-TERM OBLIGATIONS

A. The changes in the District's long-term obligations during the year consist of the following:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amounts</u>
	<u>6/30/13</u>			<u>6/30/14</u>	<u>Due in</u>
					<u>One Year</u>
Governmental activities:					
Sick leave	\$ 470,135	\$ 75,093	\$ (70,767)	\$ 474,461	\$ -
Capital lease obligation	<u>88,363</u>	<u>-</u>	<u>(54,590)</u>	<u>33,773</u>	<u>21,143</u>
Total governmental activities long-term liabilities	<u>\$ 558,498</u>	<u>\$ 75,093</u>	<u>\$ (125,357)</u>	<u>\$ 508,234</u>	<u>\$ 21,143</u>

Sick leave will be paid from the fund from which the employee is paid, which is primarily the general fund, adult education fund (a nonmajor governmental fund), adult basic education fund (a nonmajor governmental fund) and the food service fund (a nonmajor governmental fund).

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2014, are a voted debt margin of \$232,533,803 and an unvoted debt margin of \$2,583,709.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 12 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2014, the District contracted with Ohio Casualty Insurance Company for property and general liability insurance. Indiana Insurance Company also covers commercial property, crime, inland marine, and boiler and machinery with a blanket \$53,525,470 insured value and a \$1,000 deductible.

Professional liability is provided by the Ohio School Plan with \$3,000,000 single occurrence and a \$5,000,000 aggregate limit and no deductible. Vehicles are covered by Indiana Insurance Company with comprehensive coverage and a \$250 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability.

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

B. Workers' Compensation

For fiscal year 2014, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating Districts is calculated as on experience and a common premium rate is applied to all Districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the group rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. Participation in the GRP is limited to Districts that can meet the GRP's selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the GRP.

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty days of vacation per year, depending on the length of service. Vacation days are credited to the classified employees on September 1 of each year. Vacation cannot be carried forward. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave can be accumulated to a maximum of 207 days. Upon retirement, payment is made for 28 percent of the total sick leave accumulation, up to a maximum accumulation of 58 days severance pay at the daily rate of the employee.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - OTHER EMPLOYEE BENEFITS - (Continued)

B. Employee Group Medical/Surgical, Dental and Vision Insurance

Medical/surgical, dental and vision insurance is offered to employees through a self-insurance internal service fund. The District is a member of a claims servicing pool, consisting of various school districts within the State, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the District's behalf. The claims liability of \$141,372 reported in the internal service fund at June 30, 2014 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

Changes in claims activity are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2014	\$ 154,377	\$ 1,422,439	\$ (1,435,444)	\$ 141,372
2013	23,747	1,598,356	(1,467,726)	154,377

C. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees through Healthsmart and Fort Dearborn Life in the amount of \$50,000.

NOTE 14 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "*Employers/Audit Resources*".

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 14 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$215,631, \$225,092 and \$223,358, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012.

B. State Teachers Retirement System of Ohio

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 14 - PENSION PLANS - (Continued)

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$790,749, \$776,033 and \$830,414, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$4,415 made by the District and \$3,469 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2014 certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) 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. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

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 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$15,532, \$27,158 and \$33,067, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$12,510, \$12,715 and \$13,190, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$60,827, \$59,695 and \$63,878, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance	
	<u>General fund</u>
Budget basis	\$ 453,048
Net adjustment for revenue accruals	(129,330)
Net adjustment for expenditure accruals	(191,295)
Net adjustment for other sources/uses	62,074
Funds budgeted elsewhere	36,985
Adjustment for encumbrances	<u>174,719</u>
GAAP basis	<u>\$ 406,201</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the special rotary fund, the public school support fund, the uniform school supplies fund and the special trust fund.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 17 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 18 - SET-ASIDES

The 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 the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. These amounts must be carried forward to be used for the same purposes in future years.

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

	<u>Capital Maintenance/ Acquisition</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	146,181
Current year offsets	<u>(427,760)</u>
Total	<u>\$ (281,579)</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>
Set-aside balance June 30, 2014	<u>\$ -</u>

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

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 19 - COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 181,024
Building	12,123
Nonmajor governmental funds	<u>27,153</u>
Total	<u>\$ 220,300</u>

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Federal Grantor Pass Through Grantor Program / Cluster Title	Grant Year	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Program):				
National School Lunch Program	2013 / 2014	10.555	\$20,865	\$20,865
Cash Assistance:				
School Breakfast Program	2013 / 2014	10.553	41,388	41,388
National School Lunch Program	2013 / 2014	10.555	143,370	143,370
Cash Assistance Subtotal			<u>184,758</u>	<u>184,758</u>
Total Child Nutrition Cluster			<u>205,623</u>	<u>205,623</u>
State Administrative Expenses for Child Nutrition	2013 / 2014	10.560	<u>2,140</u>	<u>2,140</u>
Total U.S. Department of Agriculture			207,763	207,763
U.S. DEPARTMENT OF EDUCATION				
<i>Direct from Federal Government:</i>				
Federal Pell Grant Program	2014	84.063	227,326	227,326
<i>Passed Through Ohio Department of Education:</i>				
Adult Education - Basic Grants to States				
	2013	84.002	4,085	6,816
	2014		159,399	164,681
Total Adult Education - Basic Grants to States			<u>163,484</u>	<u>171,497</u>
Career and Technical Education - Basic Grants to States				
	2013	84.048	117,152	37,477
	2014		367,987	362,998
Total Career and Technical Education - Basic Grants to States			<u>485,139</u>	<u>400,475</u>
Improving Teacher Quality State Grants	2014	84.367	3,714	3,714
Race to the Top Incentive Grants, Recovery Act	2013	84.395	<u>350</u>	<u>350</u>
Total Passed Through Ohio Department of Education			<u>652,687</u>	<u>576,036</u>
Total U.S. Department of Education			<u>880,013</u>	<u>803,362</u>
Total Federal Awards Receipts and Expenditures			<u>\$1,087,776</u>	<u>\$1,011,125</u>

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

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 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.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C - FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



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 Joint Vocational School District
Tuscarawas County
545 University Drive NE
New Philadelphia, Ohio 44663

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 the Buckeye Joint Vocational School District, Tuscarawas County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 9, 2015.

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 opinion 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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.

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

February 9, 2015



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 REQUIRED BY OMB CIRCULAR A-133

Buckeye Joint Vocational School District
Tuscarawas County
545 University Drive NE
New Philadelphia, Ohio 44663

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Buckeye Joint Vocational School District's, Tuscarawas County, Ohio (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 Buckeye Joint Vocational School District's major federal programs for the year ended June 30, 2014. 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 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, 2014.

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

February 9, 2015

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2014**

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 significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Program (list): <ul style="list-style-type: none"> • Career and Technical Education – Basic Grants to States - CFDA #84.048 • Federal Pell Grant Program – CFDA #84.063 	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .315(b)
JUNE 30, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	2 C.F.R. 225 Appendix B, Paragraph 1(f)(3) and 2 C.F.R. 215.28 - Unallowable program expenditures and expenditures made outside of period of availability.	Partially Corrected	Compliant with period of availability requirement. However, small amount of unallowable program expenditures were noted. See Management Letter.



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BUCKEYE JOINT VOCATIONAL SCHOOL

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 17, 2015**