



Rea & associates *a brighter way*

Buckeye Local School District

Jefferson County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2014



Dave Yost • Auditor of State

Board of Education
Buckeye Local School District
6899 State Highway Route 150
Dillonvale, Ohio 43917

We have reviewed the *Independent Auditor's Report* of the Buckeye Local School District, Jefferson County, prepared by Rea & Associates, Inc., for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Buckeye Local School District is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

April 27, 2015

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**BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

JUNE 30, 2014

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**BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

JUNE 30, 2014

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December 23, 2014

The Board of Education
Buckeye Local School District
Jefferson County, Ohio
6899 State Highway Route 150
Dillonvale, Ohio 43917

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Local School District, Jefferson County, Ohio (the School District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2014, and the respective changes in financial position thereof and the budgetary comparison for the general fund for the year then ended in accordance with 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 that the accompanying *Management's Discussion and Analysis* on pages 4-10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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 School District's internal control over financial reporting and compliance.

Kea & Associates, Inc.

New Philadelphia, Ohio

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

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

Financial Highlights

Key financial highlights for the fiscal year 2014 are as follows:

- Net position of governmental activities decreased \$373,931, or approximately 5 percent.
- General revenues accounted for \$16,976,453 in revenue or approximately 80 percent of all revenues. Program specific revenues in the form of charges for services, and operating grants and contributions accounted for \$4,265,248 or approximately 20 percent of total revenues of \$21,241,701.
- Total assets of governmental activities increased \$239,740. Current assets increased by \$502,722 primarily due to an increase in property taxes receivable resulting from increases in assessed valuation, which was offset by decreases in intergovernmental receivable. Capital assets decreased \$262,982 due in large part to annual depreciation expense, which was offset slightly by capital asset additions.
- The School District had \$21,615,632 in expenses related to governmental activities; only \$4,265,248 of these expenses were offset by program specific charges for services, and operating grants and contributions. General revenues of \$16,976,453 were not adequate to provide for these programs.
- Total governmental funds had \$21,185,285 in revenues and \$21,342,982 in expenditures. Overall, including other financing sources and uses, the total governmental fund balances decreased \$103,697.

Using this Annual Financial Report

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

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

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2014?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 9. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the General Fund.

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

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2014 compared to 2013.

Table 1
Net Position
Governmental Activities

	2014	2013	Change
Assets			
Current and Other Assets	\$10,005,064	\$9,502,342	\$502,722
Capital Assets	9,713,532	9,976,514	(262,982)
Total Assets	19,718,596	19,478,856	239,740
Liabilities			
Long-Term Liabilities	2,170,238	2,160,216	10,022
Other Liabilities	2,470,795	2,747,004	(276,209)
Total Liabilities	4,641,033	4,907,220	(266,187)
Deferred Inflows of Resources			
Property Taxes not Levied to Finance Current Year Operations	7,526,543	6,646,685	879,858
Net Position			
Net Investment in Capital Assets	8,813,364	8,939,425	(126,061)
Restricted	281,961	404,729	(122,768)
Unrestricted (Deficit)	(1,544,305)	(1,419,203)	(125,102)
Total Net Position	\$7,551,020	\$7,924,951	(\$373,931)

Total assets of governmental activities increased \$239,740. As indicated previously, current assets increased by \$502,722 primarily due to an increase in property taxes receivable as a result of increases in assessed valuation, which was offset by decreases in intergovernmental receivables. Capital assets decreased \$262,982 due primarily to annual depreciation expense, which was slightly offset by capital asset additions.

Other liabilities decreased primarily due to a decrease in contracts payable associated with the House Bill 264 project, along with decreases in matured severance payable which were offset by an increase in accounts payable.

The net effect of changes in assets, liabilities and deferred inflows of resources resulted in a \$373,931 decrease in total net position of the School District's governmental activities.

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

Table 2 shows the changes in net position for the fiscal year 2014 compared to fiscal year 2013.

Table 2			
Changes in Net Position			
Governmental Activities			
	2014	2013	Change
Revenues			
Program Revenues			
Charges for Services	\$727,304	\$1,587,291	(\$859,987)
Operating Grants and Contributions	3,537,944	3,081,194	456,750
Total Program Revenues	4,265,248	4,668,485	(403,237)
General Revenues			
Property Taxes	7,304,314	6,994,302	310,012
Grants and Entitlements not Restricted to Specific Programs	9,565,790	9,927,929	(362,139)
Others	106,349	96,619	9,730
Total General Revenues	16,976,453	17,018,850	(42,397)
Total Revenues	21,241,701	21,687,335	(445,634)
Program Expenses			
Instruction			
Regular	8,864,409	9,251,197	(386,788)
Special	2,893,462	2,648,060	245,402
Vocational	402,023	540,794	(138,771)
Student Intervention Services	133,517	180,788	(47,271)
Support Services			
Pupil	1,002,745	1,031,033	(28,288)
Instructional Staff	351,963	670,761	(318,798)
Board of Education	114,494	73,282	41,212
Administration	2,083,321	2,310,066	(226,745)
Fiscal	517,276	485,022	32,254
Business	34,287	41,171	(6,884)
Operation and Maintenance of Plant	2,010,098	1,970,484	39,614
Pupil Transportation	1,906,392	1,922,093	(15,701)
Central	107,926	0	107,926
Operation of Non-Instructional Services	8,872	4,239	4,633
Food Service Operations	756,963	648,843	108,120
Extracurricular Activities	398,181	404,895	(6,714)
Interest and Fiscal Charges	29,703	16,476	13,227
Total Expenses	21,615,632	22,199,204	(583,572)
Decrease in Net Position	(373,931)	(511,869)	137,938
Net Position Beginning of Year	7,924,951	8,436,820	(511,869)
Net Position End of Year	\$7,551,020	\$7,924,951	(\$373,931)

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

In 2014, 34 percent of the School District's revenues were from property taxes and 45 percent were from unrestricted grants and entitlements. A significant decrease was realized in charges for services program revenue from fiscal year 2013 due to the receipt of a signing bonus in the amount of \$803,297 for a paid-up gas and oil lease. In addition, the School District realized an increase in operating grants and contributions primarily due to increases in program specific special education funding.

Instructional programs comprise approximately 57 percent of total governmental program expenses. Of the instructional expenses, approximately 72 percent is for regular instruction; approximately 24 percent is for special instruction; approximately 3 percent for vocational instruction; and approximately one percent for student intervention services. Total expenses decreased approximately 3 percent from the prior fiscal year. Overall expenses decreased \$583,572 as a result of decreased enrollment and staff.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2014 compared to fiscal year 2013. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Instruction				
Regular	\$8,864,409	\$9,251,197	\$8,186,759	\$8,517,095
Special	2,893,462	2,648,060	1,182,543	1,682,813
Vocational	402,023	540,794	263,968	373,060
Student Intervention Services	133,517	180,788	47,177	76,517
Support Services				
Pupil	1,002,745	1,031,033	748,881	619,727
Instructional Staff	351,963	670,761	252,840	439,873
Board of Education	114,494	73,282	114,494	73,282
Administration	2,083,321	2,310,066	1,705,237	1,947,717
Fiscal	517,276	485,022	517,276	485,022
Business	34,287	41,171	34,287	41,171
Operation and Maintenance of Plant	2,010,098	1,970,484	1,934,805	1,154,763
Pupil Transportation	1,906,392	1,922,093	1,890,174	1,893,053
Central	107,926	0	107,926	0
Operation of Non-Instructional Services	8,872	4,239	25	0
Food Service Operations	756,963	648,843	51,015	(57,624)
Extracurricular Activities	398,181	404,895	283,274	267,774
Interest and Fiscal Charges	29,703	16,476	29,703	16,476
Total Expenses	\$21,615,632	\$22,199,204	\$17,350,384	\$17,530,719

The dependence upon tax revenues and state subsidies for governmental activities is apparent, as 80 percent of expenses are supported through taxes and other general revenues.

Buckeye Local School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2014

The School District Funds

Information about the School District's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. The School District has one major fund, the General Fund. The General Fund had \$18,166,711 in revenues and \$18,158,388 in expenditures. Overall, including other financing sources and uses, the General Fund's balance increased \$47,074.

General Fund Budgeting Highlights

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

During the course of fiscal 2014, the School District amended its General Fund appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were no significant differences between budget and actual expenditures. Final budget expenditures were approximately six percent higher than original budget expenditures due to higher than anticipated costs for all programs.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the School District had \$9,713,532 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. See Note 8 for more detailed information of the School District's capital assets.

Table 4
Capital Assets Net of Depreciation

	Government Activities	
	2014	2013
Land	\$576,897	\$576,897
Land Improvements	155,654	166,425
Buildings and Improvements	8,194,658	8,459,668
Furniture and Equipment	283,367	231,319
Vehicles	502,956	542,205
Totals	\$9,713,532	\$9,976,514

Debt

At June 30, 2014, the School District had \$887,596 of energy conservation general obligation bonds outstanding, including premiums, with \$60,000 due within one year. The School District also had \$15,168 outstanding in capital leases with \$6,267 due within one year.

Buckeye Local School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2014

Table 5 summarizes bonds and capital leases outstanding:

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2014	2013
2013 Energy Conservation and School Improvement Bonds		
Term Bonds	\$885,000	\$885,000
Bond Premium	2,596	2,775
Capital Leases	15,168	21,102
Total	\$902,764	\$908,877

See Note 15 for more detailed information on the School District's debt.

Economic Factors

As the preceding information indicates, the School District depends heavily on property taxpayers. For fiscal year 2014, property tax revenue comprised 34 percent of the School District's revenue sources, while State funding comprised 45 percent.

During fiscal year 2013, the School District leased the Northwest Elementary building with the intent of the lessee purchasing the building at the end of a three year term. Currently, North Elementary building remains for sale but is unoccupied.

Additionally, the School District was unsuccessful in passing a permanent improvement levy and issued Energy Conservation and School Improvement Bonds in accordance with House Bill 264 to make improvements to boilers, lighting, and repairs to the roof at the high school during fiscal year 2013.

The Board of Education and the Administration of the School District must maintain careful financial planning and prudent fiscal management in order to maintain the financial stability of the School District.

Contacting the School District's Financial Management

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

Basic Financial Statements

Buckeye Local School District
Statement of Net Position
June 30, 2014

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,228,772
Intergovernmental Receivable	368,757
Investments	6,653
Prepaid Items	1,176
Materials and Supplies Inventory	84,405
Property Taxes Receivable	8,315,301
Non-Depreciable Capital Assets	576,897
Depreciable Capital Assets, Net	<u>9,136,635</u>
<i>Total Assets</i>	<u>19,718,596</u>
Liabilities	
Accounts Payable	91,124
Accrued Wages and Benefits Payable	1,847,069
Intergovernmental Payable	408,666
Matured Severance Payable	62,302
Accrued Interest Payable	1,634
Deposits Held for Land Sale	60,000
Long-Term Liabilities:	
Due Within One Year	197,777
Due In More Than One Year	<u>1,972,461</u>
<i>Total Liabilities</i>	<u>4,641,033</u>
Deferred Inflows of Resources	
Property Taxes not Levied to Finance Current Year Operations	<u>7,526,543</u>
Net Position	
Net Investment in Capital Assets	8,813,364
Restricted for:	
Capital Projects	6,007
Bus Purchase	5,959
Federal Programs	160,177
Other Purposes	109,818
Unrestricted (Deficit)	<u>(1,544,305)</u>
<i>Total Net Position</i>	<u><u>\$7,551,020</u></u>

See accompanying notes to the basic financial statements

Buckeye Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Instruction:				
Regular	\$8,864,409	\$398,995	\$278,655	(\$8,186,759)
Special	2,893,462	0	1,710,919	(1,182,543)
Vocational	402,023	0	138,055	(263,968)
Student Intervention Services	133,517	0	86,340	(47,177)
Support Services:				
Pupil	1,002,745	0	253,864	(748,881)
Instructional Staff	351,963	0	99,123	(252,840)
Board of Education	114,494	0	0	(114,494)
Administration	2,083,321	0	378,084	(1,705,237)
Fiscal	517,276	0	0	(517,276)
Business	34,287	0	0	(34,287)
Operation and Maintenance of Plant	2,010,098	65,955	9,338	(1,934,805)
Pupil Transportation	1,906,392	0	16,218	(1,890,174)
Central	107,926	0	0	(107,926)
Operation of Non-Instructional Services	8,872	0	8,847	(25)
Food Service Operations	756,963	147,625	558,323	(51,015)
Extracurricular Activities	398,181	114,729	178	(283,274)
Interest and Fiscal Charges	29,703	0	0	(29,703)
<i>Total Governmental Activities</i>	<u>\$21,615,632</u>	<u>\$727,304</u>	<u>\$3,537,944</u>	<u>(\$17,350,384)</u>
General Revenues				
Property Taxes Levied for General Purposes				7,304,314
Grants and Entitlements not Restricted to Specific Programs				9,565,790
Investment Earnings				867
Gifts and Donations				29,696
Miscellaneous				75,786
<i>Total General Revenues</i>				<u>16,976,453</u>
Change in Net Position				(373,931)
<i>Net Position Beginning of Year</i>				<u>7,924,951</u>
<i>Net Position End of Year</i>				<u>\$7,551,020</u>

See accompanying notes to the basic financial statements

Buckeye Local School District
Balance Sheet
Governmental Funds
June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,087,341	\$135,472	\$1,222,813
Investments	0	6,653	6,653
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	5,959	0	5,959
Receivables:			
Property Taxes	8,315,301	0	8,315,301
Intergovernmental	85,654	283,103	368,757
Interfund	6,532	0	6,532
Prepaid Items	1,176	0	1,176
Materials and Supplies Inventory	72,566	11,839	84,405
	<u>\$9,574,529</u>	<u>\$437,067</u>	<u>\$10,011,596</u>
<i>Total Assets</i>			
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$65,860	\$25,264	\$91,124
Accrued Wages and Benefits Payable	1,744,999	102,070	1,847,069
Interfund Payable	0	6,532	6,532
Intergovernmental Payable	366,847	41,819	408,666
Matured Severance Payable	62,302	0	62,302
Deposits Held for Land Sale	60,000	0	60,000
	<u>2,300,008</u>	<u>175,685</u>	<u>2,475,693</u>
<i>Total Liabilities</i>			
Deferred Inflows of Resources			
Property Taxes not Levied to Finance Current Year Operations	7,526,543	0	7,526,543
Unavailable Revenue	521,798	175,476	697,274
	<u>8,048,341</u>	<u>175,476</u>	<u>8,223,817</u>
<i>Total Deferred Inflows of Resources</i>			
Fund Balances (Deficit)			
Nonspendable:			
Materials and Supplies Inventory	72,566	11,839	84,405
Prepaid Items	1,176	0	1,176
Restricted for:			
Bus Purchase	5,959	0	5,959
Capital Projects	0	6,007	6,007
Federal Programs	0	874	874
Local Programs	0	109,640	109,640
Unassigned	(853,521)	(42,454)	(895,975)
	<u>(773,820)</u>	<u>85,906</u>	<u>(687,914)</u>
<i>Total Fund Balances (Deficit)</i>			
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$9,574,529</u>	<u>\$437,067</u>	<u>\$10,011,596</u>

See accompanying notes to the basic financial statements

Buckeye Local School District
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2014*

Total Governmental Fund Balances (\$687,914)

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

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. 9,713,532

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

Intergovernmental	214,270
Tuition and Fees	31,561
Property Taxes	451,443

Total 697,274

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

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

General Obligation Bonds - Term	885,000
Bond Premium	2,596
Capital Leases	15,168
Compensated Absences	1,267,474

Total (2,170,238)

Net Position of Governmental Activities \$7,551,020

See accompanying notes to the basic financial statements

Buckeye Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$7,345,781	\$0	\$7,345,781
Intergovernmental	10,299,515	2,751,315	13,050,830
Interest	832	35	867
Tuition and Fees	404,952	2,710	407,662
Extracurricular Activities	13,727	101,002	114,729
Rent	12,309	0	12,309
Gifts and Donations	20,139	9,557	29,696
Charges for Services	0	147,625	147,625
Miscellaneous	69,456	6,330	75,786
<i>Total Revenues</i>	<u>18,166,711</u>	<u>3,018,574</u>	<u>21,185,285</u>
Expenditures			
Current:			
Instruction:			
Regular	8,443,855	313,286	8,757,141
Special	1,767,351	1,080,272	2,847,623
Vocational	368,668	0	368,668
Student Intervention Services	40,680	92,837	133,517
Support Services:			
Pupil	731,980	270,443	1,002,423
Instructional Staff	201,230	102,089	303,319
Board of Education	114,049	0	114,049
Administration	1,638,537	404,459	2,042,996
Fiscal	517,276	0	517,276
Business	34,287	0	34,287
Operation and Maintenance of Plant	2,027,147	26,273	2,053,420
Pupil Transportation	1,850,930	17,428	1,868,358
Central	107,926	0	107,926
Operation of Non-Instructional Services	0	8,872	8,872
Food Service Operations	0	754,459	754,459
Extracurricular Activities	298,536	94,296	392,832
Debt Service:			
Principal Retirement	5,934	0	5,934
Interest and Fiscal Charges	10,002	19,880	29,882
<i>Total Expenditures</i>	<u>18,158,388</u>	<u>3,184,594</u>	<u>21,342,982</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>8,323</u>	<u>(166,020)</u>	<u>(157,697)</u>
Other Financing Sources (Uses)			
Insurance Recoveries	54,000	0	54,000
Transfers In	0	19,880	19,880
Transfers Out	(15,249)	(4,631)	(19,880)
<i>Total Other Financing Sources (Uses)</i>	<u>38,751</u>	<u>15,249</u>	<u>54,000</u>
<i>Net Change in Fund Balances</i>	47,074	(150,771)	(103,697)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(820,894)</u>	<u>236,677</u>	<u>(584,217)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$773,820)</u>	<u>\$85,906</u>	<u>(\$687,914)</u>

See accompanying notes to the basic financial statements

Buckeye Local School District
*Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2014*

Net Change in Fund Balances - Total Governmental Funds (\$103,697)

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

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

Capital Asset Additions	252,822	
Current Year Depreciation	(515,450)	
Total	(262,628)	(262,628)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. (354)

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

Intergovernmental	52,904	
Tuition and Fees	(8,667)	
Property Taxes	(41,467)	
Total	2,770	2,770

Bond premiums are reported as other financing sources in the governmental funds, but are allocated as an expense over the life of the bonds on the Statement of Activities. Amortization of Bond Premium 179

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Capital Leases 5,934

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (16,135)

Changes in Net Position Governmental Activities (\$373,931)

See accompanying notes to the basic financial statements

Buckeye Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$7,462,401	\$7,326,170	\$7,326,170	\$0
Intergovernmental	10,516,485	10,324,500	10,324,500	0
Interest	847	832	832	0
Tuition and Fees	412,482	404,952	404,952	0
Rent	12,538	12,309	12,309	0
Extracurricular Activities	13,982	13,727	13,727	0
Gifts and Donations	20,513	20,139	20,139	0
Miscellaneous	70,749	63,271	69,456	6,185
<i>Total Revenues</i>	<u>18,509,997</u>	<u>18,165,900</u>	<u>18,172,085</u>	<u>6,185</u>
Expenditures				
Current:				
Instruction:				
Regular	8,017,018	8,530,372	8,530,372	0
Special	1,628,327	1,732,594	1,732,594	0
Vocational	359,040	382,030	382,030	0
Student Intervention Services	39,677	42,218	42,218	0
Support Services:				
Pupil	678,461	721,905	721,905	0
Instructional Staff	216,131	229,970	229,970	0
Board of Education	105,061	111,788	111,788	0
Administration	1,514,826	1,611,825	1,611,825	0
Fiscal	483,179	514,118	514,118	0
Business	31,643	33,669	33,669	0
Operation and Maintenance of Plant	1,881,845	2,002,345	2,002,345	0
Pupil Transportation	1,732,205	1,843,123	1,843,123	0
Central	96,443	102,619	102,619	0
Extracurricular Activities	269,012	286,238	286,238	0
Capital Outlay	127,450	135,611	135,611	0
Debt Service:				
Principal Retirement	1,503,713	1,600,000	1,600,000	0
Interest and Fiscal Charges	8,458	9,000	9,000	0
<i>Total Expenditures</i>	<u>18,692,489</u>	<u>19,889,425</u>	<u>19,889,425</u>	<u>0</u>
Excess of Revenues Under Expenditures	<u>(182,492)</u>	<u>(1,723,525)</u>	<u>(1,717,340)</u>	<u>6,185</u>
Other Financing Sources (Uses)				
Tax Anticipation Notes Issued	0	1,600,000	1,600,000	0
Sale of Assets	0	32,500	32,500	0
Insurance Recoveries	0	54,000	54,000	0
Advances In	0	50,530	50,530	0
Transfers Out	(15,249)	(15,249)	(15,249)	0
Advances Out	(6,532)	(6,532)	(6,532)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(21,781)</u>	<u>1,715,249</u>	<u>1,715,249</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(204,273)</u>	<u>(8,276)</u>	<u>(2,091)</u>	<u>6,185</u>
<i>Fund Balance Beginning of Year</i>	<u>1,095,391</u>	<u>1,095,391</u>	<u>1,095,391</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$891,118</u>	<u>\$1,087,115</u>	<u>\$1,093,300</u>	<u>\$6,185</u>

See accompanying notes to the basic financial statements

Buckeye Local School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Private Purpose Trust Fund	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$154,212	\$44,542
<i>Total Assets</i>	154,212	\$44,542
Liabilities		
Due to Students	0	\$44,542
<i>Total Liabilities</i>	0	\$44,542
Net Position		
Held in Trust for Scholarships	154,212	
<i>Total Net Position</i>	\$154,212	

See accompanying notes to the basic financial statements

Buckeye Local School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2014

	Private Purpose Trust Fund
Additions	
Contributions and Donations	\$100
Interest	192
	292
Deductions	
Scholarships Awarded	2,500
	(2,208)
<i>Change in Net Position</i>	<i>(2,208)</i>
<i>Net Position Beginning of Year</i>	<i>156,420</i>
	<i>156,420</i>
<i>Net Position End of Year</i>	<i>\$154,212</i>
	<i>\$154,212</i>

See accompanying notes to the basic financial statements

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was created by the consolidation in 1965 of Adena, Dillonvale, Mount Pleasant, Brilliant, Smithfield and Yorkville Local School Districts, and by a merger with the Warren Consolidated School District in 1966. The School District serves an area of approximately 136 square miles encompassing most of the southern half of Jefferson County, extending west into Harrison County and south into Belmont County. It is staffed by 86 non-certified employees, 169 certified full-time teaching personnel and 10 administrative employees who provide services to 1,871 students and other community members. The School District currently operates 4 instructional buildings and 1 administrative-bus garage building.

Reporting Entity:

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

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

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

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

B. Fund Accounting

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

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

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

C. Measurement Focus

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

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

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

D. Basis of Accounting

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

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

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the Governmental Fund Financial Statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes, tuition and fees, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

E. Cash and Cash Equivalents and Investments

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

During fiscal year 2014, investments were limited to nonnegotiable certificates of deposit and State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value. Fair value is based on quoted market price or current share price.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold for at June 30, 2014.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2014 amounted to \$832 which includes \$177 assigned from other School District funds.

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

F. Restricted Assets

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed

H. Inventory

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

I. Capital Assets

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

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

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

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

J. Interfund Balances

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

K. Compensated Absences

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

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

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Bond Premiums and Bond Issuance Costs

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

On the governmental fund financial statements, bond premiums, and bond issuance costs are recognized in the period in which the debt is issued. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs are reported as a component of debt service payments. Bond issuance costs are expensed in the period the bonds are issued.

N. Internal Activity

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

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

O. Fund Balance

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

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

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

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

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

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

P. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investments 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. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources from local sources restricted to expenditures for student programs. Of the restricted net position none has resulted from enabling legislation.

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

Q. Extraordinary and Special Items

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

R. Estimates

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

S. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The treasurer is given the authority to further allocate fund appropriations within all funds. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Buckeye Local School District
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For the Fiscal Year Ended June 30, 2014

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

The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate in effect when the final appropriations were passed by the Board.

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Net Change in Fund Balance	
	General
GAAP Basis	\$47,074
Revenue Accruals	5,374
Deposits Held for Land Sale	32,500
Advances In	50,530
Tax Anticipation Note Proceeds	1,600,000
Expenditure Accruals	(131,037)
Debt Service Principal	(1,600,000)
Advances Out	(6,532)
Budget Basis	(\$2,091)

NOTE 4 – FUND DEFICITS

At June 30, 2014, the following fund had a deficit fund balance:

General Fund	(\$773,820)
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The deficit in the General Fund was the result of expenditures exceeding revenues as well as the application of generally accepted accounting principles. The School District will monitor future spending.

NOTE 5 - CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the bank balance was \$1,154,672. Of the bank balance \$618,057 was covered by Federal Depository Insurance and the remaining balance of \$536,615 was covered by pledged collateral with securities held by the pledging financial institution's trust department or agent. Although the securities were held by the pledging financial institution's trust department and all statutory requirements for the deposit of money had been followed, non-compliance with Federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

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

Investments

As of June 30, 2014, the School District had an investment in STAR Ohio. The fair value of STAR Ohio was \$318,526, and the investment has an average maturity of 51.4 days. At June 30, 2014, \$300,000 was in transit from STAR Plus (a depository account) to STAR Ohio (investment account). This amount has been included in the STAR Ohio balance presented above.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

Credit Risk. Star Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Belmont, Harrison and Jefferson Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The amount available as an advance at June 30, 2014, was \$337,315 in the General Fund. The amount available as an advance at June 30, 2013, was \$317,704 in the General Fund.

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

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

	2013 Second Half Collections		2014 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$165,064,500	55.4%	\$166,050,800	52.5%
Public Utility Personal	132,776,830	44.6%	150,369,430	47.5%
	\$297,841,330	100.0%	\$316,420,230	100.0%
Tax Rate per \$1,000 of assessed valuation		\$27.50		\$27.50

NOTE 7 - RECEIVABLES

Receivables at June 30, 2014 consisted of property taxes, interfund, intergovernmental grants, rebates, and tuition and fees. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$451,443 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amounts</u>
Workers' Compensation Rebate	\$44,654
Catastrophic Special Education	4,358
Career Tech	5,813
IDEA B Grant	7,764
Title I Grant	40,214
Title II-A Grant	60,228
State Preschool Grants	23,342
Physical Education Program Grant	67,457
21st Century Grants	78,238
Medicaid	5,128
Excess Costs from Other School Districts	31,561
Total Intergovernmental Receivables	\$368,757

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 8 – CAPITAL ASSETS

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

	Balance at 6/30/13	Additions	Deletions	Balance at 6/30/14
Capital Assets - Not Depreciated:				
Land	\$576,897	\$0	\$0	\$576,897
Capital Assets - Depreciated:				
Land Improvements	976,660	0	0	976,660
Buildings and Improvements	17,638,972	80,150	0	17,719,122
Furniture and Equipment	1,086,118	96,359	(16,900)	1,165,577
Vehicles	1,891,028	76,313	(40,241)	1,927,100
Total Capital Assets - Depreciated	21,592,778	252,822	(57,141)	21,788,459
Less Accumulated Depreciation:				
Land Improvements	(810,235)	(10,771)	0	(821,006)
Buildings and Improvements	(9,179,304)	(345,160)	0	(9,524,464)
Furniture and Equipment	(854,799)	(43,957)	16,546	(882,210)
Vehicles	(1,348,823)	(115,562)	40,241	(1,424,144)
Total Accumulated Depreciation	(12,193,161)	(515,450)	56,787	(12,651,824)
Total Capital Assets - Depreciated, Net	9,399,617	(262,628)	(354)	9,136,635
Governmental Capital Assets, Net	\$9,976,514	(\$262,628)	(\$354)	\$9,713,532

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$176,638
Special	44,871
Vocational	33,355
Support Services:	
Instructional Staff	48,322
Board of Education	445
Administration	37,420
Operation and Maintenance of Plant	53,167
Pupil Transportation	113,379
Food Service Operations	2,504
Extracurricular Activities	5,349
Total Depreciation Expense	<u>\$515,450</u>

The School District approved a real estate purchase contract, contingent upon a lease agreement, for the sale of the Northwest Elementary School. The transaction is recorded as a sale not consummated in accordance with Governmental Accounting Standard Board Statement No. 62. The amount of deposits received by the School District prior to the consummation of the sale is reported as "Deposits Held for Land Sale."

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014 the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage's, limits of coverage, and deductibles that it selects. The District pays this annual premium to the OSP (See Note 18). The Buckeye Local School District contracted with the Ohio School Plan for liability, property and fleet insurance. The type and amount of coverage provided by Ohio School Plan follows:

Commercial Property Coverage - Blanket	\$68,420,084
Property Deductible	1,000
Auto Liability - Combined Single Limit	2,000,000
Uninsured Motorists	1,000,000
Medical Payments	5,000
Comprehensive (ACV) and Towing	buses 1,000 deductible
Collision (ACV)	buses 1,000 deductible
Hired and Non-Owned Liability	75,000
Educational General Liability:	
Bodily Injury and Property Damage - Each Occurrence Limit and Sexual Abuse Injury - Each Sexual Abuse Offense Limit (\$1,000 Bodily Injury Deductible)	\$2,000,000
Personal and Advertising Injury - Each Offense Limit	2,000,000
Fire Damage - Any One Event Limit	500,000
Medical Expense - Any One Person Limit	10,000
General Aggregate Limit	4,000,000
Employers Liability:	
Bodily Injury by Accident - Each Accident Limit	2,000,000
Bodily Injury by Disease - Endorsement Limit	2,000,000
Bodily Injury by Disease - Each Employee Limit	2,000,000
Employee Benefits Liability:	
Each Offense Limit	2,000,000
Aggregate Limit	4,000,000
Educational Legal Liability :	
Errors and Omissions Injury Limit (\$2,500 Deductible)	2,000,000
Errors and Omissions Injury Aggregate Limit	4,000,000

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Workers' Compensation

For Fiscal Year 2014, the School District participated in the Ohio Schools Council Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley provides administrative, cost control, and actuarial services to the GRP.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employee Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocated the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2014, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B, Health Care, and Death Benefits funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$268,823, \$266,078 and \$259,931 respectively; 100.00 percent has been contributed for fiscal years 2014, 2013, and 2012.

B. State Teachers Retirement System

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

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

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

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

Funding Policy – Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate was increased one percent July 1, 2013, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$1,103,370 and \$4,669 for the fiscal year ended June 30, 2014, \$1,131,302 and \$3,015 for the fiscal year ended June 30, 2013, and \$1,161,103 and \$2,376 for the fiscal year ended June 30, 2012. For fiscal year 2014, 72.72 percent has been contributed for the DB plan and 72.72 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2014 were \$17,882 made by the School District and \$14,050 made by the plan members. In addition, member contributions of \$3,668 were made for fiscal year 2014 for the defined contribution portion of the Combined Plan.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2014, three members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

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

Funding Policy – State Statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2014, this amount was \$20,250. During fiscal year 2014, the School district paid \$39,226 in surcharge.

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

The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$2,873, \$3,262, and \$11,257 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 School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013 and 2012 were \$15,596, \$15,088, and \$15,350 respectively; 100 percent has been contributed for fiscal years 2014, 2013, and 2012.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307, authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal years 2014, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$84,875, \$87,023 and \$89,316 respectively. For fiscal year 2014, 72.72 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012. The STRS Board voted to discontinue the current one percent allocation to the health care fund effective July 1, 2014.

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

B. Insurance Benefits

The School District provides hospitalization and major medical, prescription drug and dental coverage for all eligible employees through the Health Plan HMO. The certified staff can choose from Plan A, Plan B or Plan C with premiums ranging from \$1,578.85 to \$1,010.45 for family coverage and \$544.44 to \$348.43 for single coverage. The Plans vary by the amount of the co-pay, coinsurance and annual deductible. The Board pays approximately 90 percent of the premium for family and single coverage on Plan A and Plan B and 100 percent of the premium on Plan C with a cap of \$1,060 for family coverage and \$370 for single coverage.

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

Dental coverage is provided through CoreSource Inc. The School District pays 90 percent of \$44.19 for family coverage and 90 percent of \$13.18 for single coverage for the certified staff and 100 percent of the family or single coverage for the classified employees.

The School District provides life insurance and accidental death and dismemberment insurance to employees through CoreSource Inc. in the amount of \$30,000 per employee. The School District pays 100 percent of \$2.85 premium.

NOTE 13 – FUND OBLIGATIONS

The School District issued a \$1,600,000 tax anticipation note for operations on January 2, 2014. The note was issued with a 2.25 percent interest rate, and was issued in anticipation of property tax receipts, and was backed by the full faith and credit of the School District. The note was fully paid on April 2, 2014.

NOTE 14 – CAPITAL LEASES – LESSEE DISCLOSURE

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

Assets acquired by governmental activities capitalized leases are reported net of accumulated depreciation in the amount of \$13,635. Principal payments in fiscal year 2014 totaled \$5,934, in the governmental funds. Future minimum lease payments through fiscal year 2017 are as follows:

Fiscal Year	Governmental Activities	
	Principal	Interest
2015	\$6,267	\$672
2016	6,615	321
2017	2,286	30
Total	\$15,168	\$1,023

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 15 - LONG - TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2014 were as follows:

	Outstanding 6/30/13	Additions	Reductions	Outstanding 6/30/14	Amounts Due Within One Year
General Obligation Bonds:					
2013 Energy Conservation and School Improvements Bonds \$885,000 Term Bonds @ 1.0%-3.80%	\$885,000	\$0	\$0	\$885,000	\$60,000
Premium - \$2,865	2,775	0	179	2,596	0
Total General Obligation Bonds	887,775	0	179	887,596	60,000
Capital Leases	21,102	0	5,934	15,168	6,267
Compensated Absences	1,251,339	224,728	208,593	1,267,474	131,510
Total General Long-Term Obligations	\$2,160,216	\$224,728	\$214,706	\$2,170,238	\$197,777

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

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

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

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

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

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

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

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

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

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

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

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

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

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

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

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

Principal and interest requirements to retire the remaining term bonds for the 2013 Energy Conservation and School Improvement Bonds outstanding at June 30, 2014 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2015	\$60,000	\$19,550	\$79,550
2016	65,000	18,862	83,862
2017	65,000	18,002	83,002
2018	65,000	16,994	81,994
2019	65,000	15,840	80,840
2020-2024	265,000	61,191	326,191
2025-2029	300,000	23,004	323,004
Total	\$885,000	\$173,443	\$1,058,443

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

Compensated absences will be paid from the General Fund.

The School District's overall legal debt margin was \$27,592,821, with an unvoted debt margin of \$316,420 at June 30, 2014.

NOTE 16 – INTERNAL BALANCES AND TRANSFERS

A. Interfund Balances

Interfund balances at June 30, 2014 consist of the following individual interfund receivables and payables:

	Interfund Receivable
Interfund Payable	General Fund
Other Nonmajor Governmental Funds	\$6,532

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

B. Transfers

Interfund transfers for the year ended June 30, 2014 consisted of the following:

<u>Transfers from</u>	<u>Transfers to</u>
	<u>Other Nonmajor</u>
	<u>Governmental</u>
General Fund	\$15,249
Other Nonmajor Governmental	4,631
Total	<u><u>\$19,880</u></u>

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

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

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

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council) - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each participants control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2014, the total amount paid to OME-RESA from the School District was \$1,215 for cooperative gas purchasing service administrative fees, \$30,001 for technology services and \$28,579 for financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

The Coalition of Rural and Appalachian Schools (CORAS) – The Coalition of Rural and Appalachian Schools is a jointly governed organization including 136 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Council provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. The School District's membership fee was \$325 for fiscal year 2014.

Ohio Schools Council (OSC) – The Ohio Schools Council is a regional council of governments created under ORC 167, created by school districts for the purpose of saving dollars through volume purchases. OSC's membership has grown to 196 school districts, educational service centers, joint vocational districts, and developmental disabilities boards located in 35 counties. Each participant supports the OSC by paying an annual participation fee. Each participating School District's superintendent serves as a representative of the Assembly. The Assembly elects a nine member Board of Directors (Board) which is the policy making authority of the OSC. The Board appoints an Executive Director to oversee operations of the OSC. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and the designation of management. Each participants control is limited to its representation on the Board. During fiscal year 2014, the School District paid \$563 the OSC. Financial information can be obtained by contacting William J. Zelei, the Executive Director at the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

NOTE 18 – PUBLIC ENTITY POOL

Insurance Purchasing Pool

Ohio Schools Council Workers' Compensation Group Rating Program (GRP) – The School District participates in the Ohio Schools Council Workers' Compensation Group Rating Program, an insurance purchasing pool. The GRP is comprised of a seven member Board of the Ohio Schools Council (Council). The Board governs and administers the pool. Each member's control over the budgeting and financing of the pool is limited to its voting authority and any representation it may have on the Board. The Council has contracted with Sheakley to provide third-party administration of the GRP. Each year, the participating school districts are required to be a member of the Ohio Schools Council, and pay their required membership, as well as pay an enrollment fee to Sheakley Uniservice, Inc. to cover the costs of administration of the program. In fiscal year 2014, the School District's enrollment fee of \$935 was paid to Sheakley Uniservice, Inc.

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

NOTE 19 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

	Capital Improvements
Set-aside Restricted Balance as of June 30, 2013	\$0
Current Year Set-aside Requirement	322,801
Current Year Qualifying Expenditures	(565,535)
Totals	(\$242,734)
Balance Carried Forward to Fiscal Year 2015	\$0
Set-aside Restricted Balance as of June 30, 2014	\$0

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

NOTE 20 – CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2014.

B. Litigation

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

C. Lease

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 21 – SUBSEQUENT EVENTS

A. Grants

For fiscal year 2015, the School District is part of a twenty-seven member consortium, led by Noble Local School District, that has been awarded Straight A grant funding from the Ohio Department of Education. The project aims to save money for the participating school districts by creating a shared services transportation consortium. The project has been awarded \$1,763,900, and has total projected cost savings of \$3,988,138.

B. Labor Agreements

The Ohio Association of Public School Employees labor agreement expired on July 1, 2013. The Ohio Association of Public School Employees and the Board of Education approved a new agreement on August 19, 2014.

C. Tax Anticipation Note

On December 15, 2014 the School District issued a \$1,500,000 tax anticipation note. The note was issued with a two percent interest rate, and was issued in anticipation of property tax receipts. The note matures on April 15, 2015.

December 23, 2014

To the Board of Education
Buckeye Local School District
Jefferson County, Ohio
6899 State Highway Route 150
Dillonvale, Ohio 43917

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Local School District, Jefferson County, Ohio (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 23, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Buckeye Local School District
Report on Internal Control Over Financial Reporting
And on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
Government Auditing Standards
Page 2 of 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

New Philadelphia, Ohio

December 23, 2014

To the Board of Education
Buckeye Local School District
Jefferson County, Ohio
6899 State Highway Route 150
Dillonvale, Ohio 43917

**Independent Auditor's Report on Compliance for Each Major Federal
Program and Report on Internal Control over Compliance
Required by OMB Circular A-133**

Report on Compliance for Each Major Federal Program

We have audited Buckeye Local School District's, Jefferson County, Ohio (the School District), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2014. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Rea & Associates, Inc.

New Philadelphia, Ohio

**BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Number	Federal Receipts	Federal Disbursements
U. S. Department of Agriculture				
<i>Passed Through Ohio Department of Education</i>				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	(B)	10.553	\$ 141,138	\$ 141,138
Total School Breakfast Program			<u>141,138</u>	<u>141,138</u>
<i>Cash Assistance:</i>				
National School Lunch Program	(B)	10.555	392,192	392,192
National School Lunch Program - Equipment Grant		10.555	12,225	12,225
Total Cash Assistance			<u>404,417</u>	<u>404,417</u>
<i>Non-Cash Assistance:</i>				
National School Lunch Program	(C)	10.555	38,574	38,574
Total Non-Cash Assistance			<u>38,574</u>	<u>38,574</u>
Total National School Lunch Program			442,991	442,991
<i>Total Nutrition Cluster</i>			<u>584,129</u>	<u>584,129</u>
Total U.S. Department of Agriculture			<u>584,129</u>	<u>584,129</u>
U. S. Department of Education				
<i>Direct:</i>				
Physical Education Grant		84.215F	480,407	480,407
<i>Passed Through Ohio Department of Education</i>				
Title I		84.010	64,224	64,224
Title I		84.010	557,765	557,765
Total Title I			<u>621,989</u>	<u>621,989</u>
<i>Special Education Cluster</i>				
Title VI-B		84.027	43,796	43,796
Title VI-B		84.027	489,501	490,680
Total Title VI-B			<u>533,297</u>	<u>534,476</u>
Early Childhood Special Education		84.173	2,158	2,158
Early Childhood Special Education		84.173	12,057	12,057
Total Early Childhood Special Education			<u>14,215</u>	<u>14,215</u>
<i>Total Special Education Cluster</i>			<u>547,512</u>	<u>548,691</u>
Title II-A		84.367	34,454	21,842
Title II-A		84.367	106,920	107,186
Total Title II-A			<u>141,374</u>	<u>129,028</u>
21st Century Grant		84.287	16,925	16,925
21st Century Grant		84.287	441,544	434,096
Total 21st Century Grant			<u>458,469</u>	<u>451,021</u>
Total U.S. Department of Education			<u>2,249,751</u>	<u>2,231,136</u>
Total Federal Assistance			<u>\$ 2,833,880</u>	<u>\$ 2,815,265</u>

See accompanying notes to the schedule of expenditures of federal awards

**BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note A – Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) reports the federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

Note B - Child Nutrition Cluster

Federal money commingled with state subsidy reimbursements. It is assumed federal moneys are expended first.

Note C – Food Donation Program

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance and related expenditures are reported in this schedule at the value of the commodities received as assessed by the U.S. Department of Agriculture (entitlement value).

Note D – Ohio Bureau of Workers' Compensation Rebate

Ohio's workers' compensation system serves as an insurance program for both employers and employees alike. For those who contribute premiums, the Ohio Bureau of Workers' Compensation (BWC) covers the payment of compensation and medical costs related to industrial accidents and diseases. The BWC invested contributions over a three-year period which generated a greater than anticipated return. In May 2013, the Ohio BWC Board of Directors authorized a \$1 billion rebate for more than 210,000 public and private entities paying into Ohio's workers' compensation system. Each employer's rebate reflected 56% of what they were billed during the last policy period (2011 calendar year for public-taxing districts). Approximately \$113 million of the \$1 billion rebate went to local governments around the state. Using policy year 2011 as the base year for calculation, the District allocated its BWC rebate back to all funds, including federal funds, providing the source of initial premium payments to BWC. The subsequent expenditure of the rebate attributable to federal programs is reflected on the District's *Schedule of Expenditures of Federal Awards*.

**BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO
SCHEDULE OF FINDINGS & QUESTIONED COSTS
OMB CIRCULAR A-133, SECTION .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS
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(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other significant deficiency conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Was there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list): Special Education Cluster: Title VI-B Early Childhood Special Education Title I Physical Education Grant	CFDA #84.027 CFDA #84.173 CFDA #84.010 CFDA #84.215F
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	No

**BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO
SCHEDULE OF FINDINGS & QUESTIONED COSTS
OMB CIRCULAR A-133, SECTION .505
JUNE 30, 2014
(Continued)**

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**BUCKEYE LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2013-001	Finding for Recovery Repaid Under Audit	Yes	

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Dave Yost • Auditor of State

BUCKEYE LOCAL SCHOOL DISTRICT

JEFFERSON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 7, 2015**