

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2013



Dave Yost • Auditor of State

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Buckeye Valley Local School District
Delaware County
679 Coover Road
Delaware, Ohio 43015

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Robert R. Hinkle, CPA, CGFM
Chief Deputy Auditor
Columbus, Ohio

February 21, 2014

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**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

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

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

- In total, net position of governmental activities increased \$1,789,109, which represents an 11.66% increase from fiscal year 2012 as restated in Note 3.A.
- General revenues accounted for \$24,130,323 in revenue or 88.19% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for \$3,230,950 or 11.81% of total revenues of \$27,361,273.
- The District had \$25,572,164 in expenses related to governmental activities; \$3,230,950 of these expenses were offset by program specific charges for services, operating grants and contributions, and capital grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$24,130,323 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, debt service fund and permanent improvement fund. The general fund had \$22,127,615 in revenues and \$21,042,604 in expenditures and other financing uses. During fiscal year 2013, the general fund's fund balance increased \$1,085,011 from \$5,052,604 to \$6,137,615.
- The debt service fund had \$2,236,970 in revenues and \$2,100,951 in expenditures. During fiscal year 2013, the debt service fund's fund balance increased \$136,019 from \$1,036,047 to \$1,172,066.
- The permanent improvement fund had \$954,921 in revenues and other financing sources and \$696,195 in expenditures. During fiscal year 2013, the permanent improvement fund's fund balance increased \$258,726 from \$852,444 to \$1,111,170.

Using these Basic Financial Statements

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

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

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District do financially during fiscal year 2013?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The District's statement of net position and statement of activities can be found on pages 13 and 14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, debt service fund and permanent improvement fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 20 and 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-55 of this report.

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The District restated net position at June 30, 2012 as described in Note 3.A. The District also reclassified certain deferred outflows (deferred charges on debt refunding), liabilities and deferred inflows (property taxes levied for the next fiscal year) to conform to the 2013 presentation due to the implementation of GASB Statement No. 63 and GASB Statement No. 65.

The table below provides a summary of the District's net position at June 30, 2013 and June 30, 2012.

	Net Position	
		(Restated)
	Governmental Activities	Governmental Activities
	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Current and other assets	\$ 22,479,124	\$ 22,338,323
Capital assets, net	<u>29,741,426</u>	<u>29,522,156</u>
Total assets	<u>52,220,550</u>	<u>51,860,479</u>
<u>Deferred outflows of resources</u>	<u>264,697</u>	<u>268,878</u>
<u>Liabilities</u>		
Current liabilities	2,317,792	2,326,411
Long-term liabilities	<u>23,838,982</u>	<u>24,642,431</u>
Total liabilities	<u>26,156,774</u>	<u>26,968,842</u>
<u>Deferred inflows of resources</u>	<u>9,200,066</u>	<u>9,821,217</u>
<u>Net position</u>		
Net investment in capital assets	8,913,876	8,907,194
Restricted	1,531,703	1,779,693
Unrestricted	<u>6,682,828</u>	<u>4,652,411</u>
Total net position	<u>\$ 17,128,407</u>	<u>\$ 15,339,298</u>

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

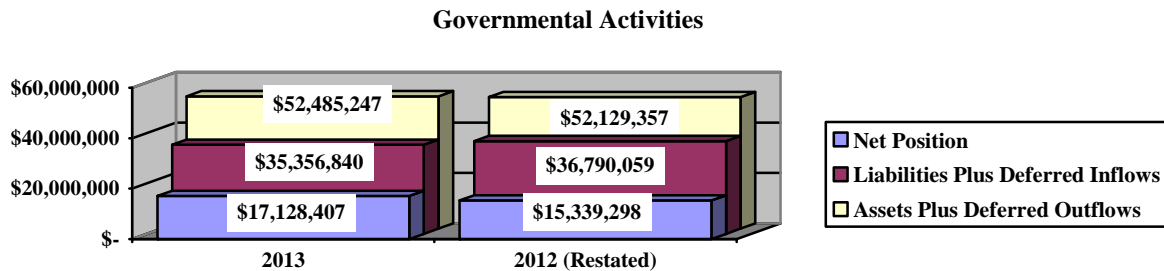
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the District's assets plus deferred outflows exceeded liabilities plus deferred inflows by \$17,128,407.

At year-end, capital assets represented 56.95% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. The net investment in capital assets at June 30, 2013, was \$8,913,876. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$1,531,703, represents resources that are subject to external restriction on how they may be used. Of the restricted net position, \$319,365 is restricted for debt service and \$839,687 is restricted for capital projects. The remaining balance of unrestricted net position is \$6,682,828.

The graph below shows the District's assets plus deferred outflows, liabilities plus deferred inflows and net position at June 30, 2013 and June 30, 2012 as restated.



The table below shows the change in net position for fiscal years 2013 and 2012. The District restated net position at June 30, 2012 due to GASB Statement No. 65 which removed unamortized bond issuances costs as a part of interest and fiscal charges.

	Change in Net Position	
	(Restated)	
	Governmental	Governmental
	Activities	Activities
	2013	2012
Revenues		
Program revenues:		
Charges for services and sales	\$ 1,883,870	\$ 2,131,726
Operating grants and contributions	1,347,080	1,408,913
Capital grants and contributions	-	136,000
General revenues:		
Property taxes	12,401,938	11,908,696
Income taxes	5,356,089	5,300,391
Grants and entitlements	6,264,787	6,385,213
Investment earnings	12,784	12,777
Other	94,725	181,733
Total revenues	<u>27,361,273</u>	<u>27,465,449</u>

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

	Change in Net Position	
	(Restated)	
	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 11,688,486	\$ 11,474,757
Special	1,723,951	1,958,095
Vocational	245,185	242,138
Other	5,865	17,428
Support services:		
Pupil	2,379,876	2,342,325
Instructional staff	392,856	547,548
Board of education	201,377	180,753
Administration	1,822,235	2,218,362
Fiscal	640,909	641,584
Operations and maintenance	2,222,573	2,453,798
Pupil transportation	1,743,274	2,035,107
Central	29,287	40,744
Operation of non-instructional services:		
Food service operations	786,359	908,838
Other non-instructional services	28,037	30,669
Extracurricular activities	536,882	602,241
Interest and fiscal charges	<u>1,125,012</u>	<u>1,154,099</u>
Total expenses	<u>25,572,164</u>	<u>26,848,486</u>
Change in net position	1,789,109	616,963
Net position at beginning of year (restated)	<u>15,339,298</u>	<u>14,722,335</u>
Net position at end of year	<u>\$ 17,128,407</u>	<u>\$ 15,339,298</u>

Governmental Activities

Net position of the District's governmental activities increased \$1,789,109. Total governmental expenses of \$25,572,164 were offset by program revenues of \$3,230,950 and general revenues of \$24,130,323. Program revenues supported 12.63% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements. These revenue sources account for 87.80% of total governmental revenue. The decrease in charges for services is primarily due to the decline in charges for regular instruction. The increase in income tax revenue is mainly due to an improving local economy. The increase in property taxes is due to the amount available as an advance from the County at year end this amount can vary depending on when tax bills are mailed.

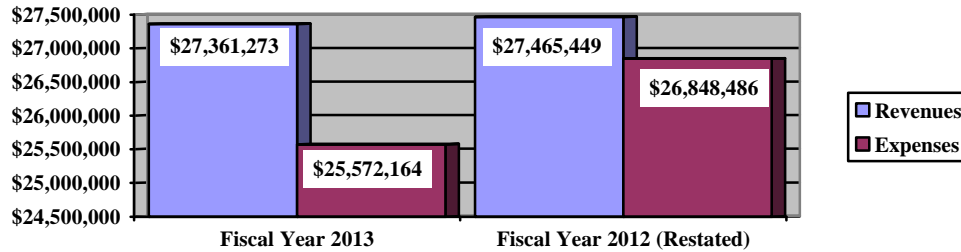
The largest expense of the District is for instructional programs. Instruction expenses totaled \$13,663,487 or 53.43% of total governmental expenses for fiscal year 2013.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2013 and 2012 as restated.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2013 and 2012 as restated. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

Governmental Activities

	Total Cost of Services 2013	Net Cost of Services 2013	(Restated) Total Cost of Services 2012	(Restated) Net Cost of Services 2012
Program expenses				
Instruction:				
Regular	\$ 11,688,486	\$ 10,872,690	\$ 11,474,757	\$ 10,420,208
Special	1,723,951	1,357,623	1,958,095	1,572,361
Vocational	245,185	82,975	242,138	104,830
Other	5,865	5,865	17,428	17,428
Support services:				
Pupil	2,379,876	1,858,256	2,342,325	1,812,242
Instructional staff	392,856	280,987	547,548	401,805
Board of education	201,377	201,377	180,753	180,753
Administration	1,822,235	1,799,182	2,218,362	2,209,362
Fiscal	640,909	640,792	641,584	641,584
Operations and maintenance	2,222,573	2,214,323	2,453,798	2,429,794
Pupil transportation	1,743,274	1,687,226	2,035,107	1,964,540
Central	29,287	29,287	40,744	40,744
Operation of non-instructional services:				
Food service operations	786,359	(23,780)	908,838	48,785
Other non-instructional services	28,037	18,630	30,669	12,361
Extracurricular activities	536,882	190,769	602,241	160,951
Interest and fiscal charges	1,125,012	1,125,012	1,154,099	1,154,099
Total	\$ 25,572,164	\$ 22,341,214	\$ 26,848,486	\$ 23,171,847

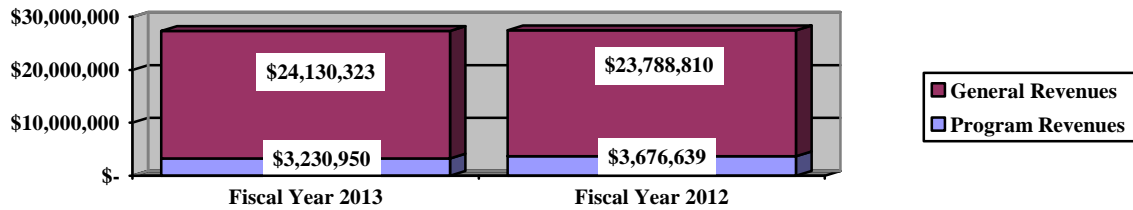
**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

The dependence upon tax and other general revenues for governmental activities is apparent, 90.16% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 87.37%. The District's taxpayers and unrestricted grants and entitlements from the State are the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2013 and 2012.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$9,745,141, which is more than last year's total balance of \$9,184,032. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2013 and June 30, 2012.

	<u>Fund Balance June 30, 2013</u>	<u>Fund Balance June 30, 2012</u>	<u>Change</u>	<u>Percentage Change</u>
General	\$ 6,137,615	\$ 5,052,604	\$ 1,085,011	21.47 %
Debt Service	1,172,066	1,036,047	136,019	13.13 %
Permanent Improvement	1,111,170	852,444	258,726	30.35 %
Nonmajor Governmental	1,324,290	2,242,937	(918,647)	(40.96) %
Total	\$ 9,745,141	\$ 9,184,032	\$ 561,109	6.11 %

General Fund

During fiscal year 2013, the District's general fund balance increased \$1,085,011.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

The table that follows assists in illustrating the financial activities of the general fund.

	<u>2013 Amount</u>	<u>2012 Amount</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Taxes	\$ 15,079,605	\$ 14,176,285	\$ 903,320	6.37 %
Tuition	796,218	1,090,667	(294,449)	(27.00) %
Earnings on investments	9,591	4,644	4,947	106.52 %
Intergovernmental	5,897,852	6,007,102	(109,250)	(1.82) %
Other revenues	<u>344,349</u>	<u>396,421</u>	<u>(52,072)</u>	<u>(13.14) %</u>
Total	<u>\$ 22,127,615</u>	<u>\$ 21,675,119</u>	<u>\$ 452,496</u>	<u>2.09 %</u>
<u>Expenditures</u>				
Instruction	\$ 11,946,328	\$ 12,116,475	\$ (170,147)	(1.40) %
Support services	8,462,443	8,747,989	(285,546)	(3.26) %
Extracurricular activities	263,388	294,686	(31,298)	(10.62) %
Non-instructional	11,810	16,984	(5,174)	(30.46) %
Debt service	<u>766</u>	<u>18,514</u>	<u>(17,748)</u>	<u>(95.86) %</u>
Total	<u>\$ 20,684,735</u>	<u>\$ 21,194,648</u>	<u>\$ (509,913)</u>	<u>(2.41) %</u>

Overall revenues of the general fund increased \$452,496 or 2.09%. Tuition revenue decreased \$294,449 or 27.00% primarily due to decreases in both open enrollment and early childhood care tuition receipts. Earnings on investments increased \$4,947 or 106.52% due to an increase in investable assets and modest increases in interest rates. Other revenues decreased \$52,072 or 13.14% mainly due to decreases in revenue related to contributions and donations, and receipts from other local sources. Tax revenue increased \$903,320 primarily due to the amount of advances available from the County, while income tax revenue increased modestly. All other revenue classifications remained comparable to fiscal year 2012.

Overall expenditures of the general fund decreased \$509,913 or 2.41%. Instruction expenditures decreased \$170,147 or 1.40% primarily due to a decline in wages paid by the District during the fiscal year. Support services expenditures decreased \$285,546 due to a decline in wages paid by the District during the fiscal year. Debt service expenditures decreased \$17,748 or 95.86% mainly due to the retirement of a capital lease obligation during fiscal year 2012. All other expenditure classifications remained comparable to fiscal year 2012.

Debt Service Fund

The debt service fund had \$2,236,970 in revenues and \$2,100,951 in expenditures. During fiscal year 2013, the debt service fund's fund balance increased \$136,019 from \$1,036,047 to \$1,172,066.

Permanent Improvement Fund

The permanent improvement fund had \$954,921 in revenues and other financing sources and \$696,195 in expenditures. During fiscal year 2013, the permanent improvement fund's fund balance increased \$258,726 from \$852,444 to \$1,111,170. This increase is mainly due to an increase in property tax revenue and a capital lease that was booked in the permanent improvement fund during fiscal year 2013.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

General Fund Budgeting Highlights

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

For the general fund, final budgeted revenues and other financing sources of \$20,648,890 matched exactly to the original budgeted amounts. Actual revenues and other financing sources of \$20,924,387 were \$275,497 more than final budgeted amounts.

General fund actual expenditures plus other financing uses of \$20,787,910 were \$406,197 lower than the final appropriations (appropriated expenditures plus other financing uses) of \$21,194,107. Final appropriations were \$1,253,979 greater than original appropriations of \$19,940,128.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the District had \$29,741,426 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. This entire amount is reported in governmental activities. The table that follows shows June 30, 2013 balances compared to June 30, 2012:

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

	Governmental Activities	
	2013	2012
Land	\$ 498,673	\$ 498,673
Land improvements	1,023,006	1,030,566
Buildings and improvements	26,439,799	26,177,747
Furniture and equipment	653,998	638,503
Vehicles	1,046,351	1,094,334
Infrastructure	79,599	82,333
Total	\$ 29,741,426	\$ 29,522,156

The increase in capital assets of \$219,270 is attributable to capital outlays of \$970,029 exceeding depreciation expense of \$750,759 during fiscal year 2013.

See Note 9 to the basic financial statements for detail on the District's capital assets.

Debt Administration

At June 30, 2013 the District had \$21,546,368 in general obligation bonds and capital lease obligations outstanding. The general obligation bond issues are comprised of current issue bonds and capital appreciation bonds for both the refunding bonds and school facilities bonds. Of this total, \$1,303,189 is due within one year and \$20,243,179 is due in more than one year.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

The table that follows summarizes the outstanding debt at June 30, 2013 and June 30, 2012.

Outstanding Debt, at Year End

	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>
Series 1995 general obligation bonds	\$ 2,195,000	\$ 2,835,000
Series 2004 refunding bonds - current interest	3,910,008	3,975,008
Series 2004 refunding bonds - capital appreciation	668,857	582,899
Series 2009 school facilities bonds - current interest	13,730,000	14,145,000
Series 2009 school facilities bonds - capital appreciation	792,922	679,548
Capital leases	<u>249,581</u>	<u>758</u>
Total	<u>\$ 21,546,368</u>	<u>\$ 22,218,213</u>

At June 30, 2013, the District's overall legal debt margin was \$26,584,806 with an unvoted debt margin of \$509,878.

See Note 15 to the basic financial statements for detail on the District's debt administration.

Current Financial Related Activities

The District is currently putting the final touches on a bus loop renovation project at the high school that was started in the spring of 2013. The bus loop will be open for improved transportation in the fall of 2013.

Buckeye Valley North Elementary School was closed for the 2012-2013 school year, and remains closed for the 2013-2014 school year. It is management's intent to re-open this elementary school once funding becomes available.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Kelly Moore, Treasurer, Buckeye Valley Local School District, 679 Coover Road, Delaware, Ohio 43015.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**STATEMENT OF NET POSITION
JUNE 30, 2013**

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents.	\$ 7,505,304
Receivables:	
Property taxes	12,157,825
Income taxes.	2,472,990
Accounts.	45,806
Accrued interest	1,511
Intergovernmental	285,230
Prepayments	2,925
Materials and supplies inventory.	6,104
Inventory held for resale	1,429
Capital assets:	
Nondepreciable capital assets	498,673
Depreciable capital assets, net.	29,242,753
Capital assets, net	<u>29,741,426</u>
Total assets.	<u>52,220,550</u>
 Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	<u>264,697</u>
 Liabilities:	
Accounts payable.	49,922
Accrued wages and benefits payable	1,663,691
Pension obligation payable.	383,108
Intergovernmental payable	147,873
Accrued interest payable	73,198
Long-term liabilities:	
Due within one year.	1,609,049
Due in more than one year.	22,229,933
Total liabilities	<u>26,156,774</u>
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	<u>9,200,066</u>
 Net position:	
Net investment in capital assets	8,913,876
Restricted for:	
Capital projects	839,687
Debt service.	319,365
Locally funded programs	3,332
Federally funded programs	23,113
Student activities	60,846
Other purposes	285,360
Unrestricted	6,682,828
Total net position.	<u><u>\$ 17,128,407</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 11,688,486	\$ 811,637	\$ 4,159	\$ (10,872,690)
Special	1,723,951	5,237	361,091	(1,357,623)
Vocational	245,185	150,740	11,470	(82,975)
Other	5,865	-	-	(5,865)
Support services:				
Pupil	2,379,876	58,076	463,544	(1,858,256)
Instructional staff	392,856	6,767	105,102	(280,987)
Board of education	201,377	-	-	(201,377)
Administration	1,822,235	9,616	13,437	(1,799,182)
Fiscal	640,909	71	46	(640,792)
Operations and maintenance	2,222,573	8,250	-	(2,214,323)
Pupil transportation	1,743,274	3,586	52,462	(1,687,226)
Central	29,287	-	-	(29,287)
Operation of non-instructional services:				
Food service operations	786,359	491,410	318,729	23,780
Other non-instructional services	28,037	9,407	-	(18,630)
Extracurricular activities	536,882	329,073	17,040	(190,769)
Interest and fiscal charges	1,125,012	-	-	(1,125,012)
Total governmental activities	\$ 25,572,164	\$ 1,883,870	\$ 1,347,080	(22,341,214)
General revenues:				
Property taxes levied for:				
General purposes				9,734,685
Debt service				1,941,296
Capital outlay				725,957
Income taxes levied for:				
General purposes				5,356,089
Grants and entitlements not restricted				
to specific programs				6,264,787
Investment earnings				12,784
Miscellaneous				94,725
Total general revenues				24,130,323
Change in net position				1,789,109
Net position at beginning of year (restated)				15,339,298
Net position at end of year				\$ 17,128,407

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>General</u>	<u>Debt Service</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents . . .	\$ 4,358,159	\$ 778,599	\$ 969,295	\$ 1,399,251	\$ 7,505,304
Receivables:					
Property taxes	9,540,472	1,923,695	693,658	-	12,157,825
Income taxes	2,472,990	-	-	-	2,472,990
Accounts	45,806	-	-	-	45,806
Accrued interest	1,508	1	1	1	1,511
Interfund loans	10,388	-	-	-	10,388
Intergovernmental	244,329	-	-	40,901	285,230
Prepayments	2,925	-	-	-	2,925
Materials and supplies inventory	6,104	-	-	-	6,104
Inventory held for resale	-	-	-	1,429	1,429
Total assets	<u>\$ 16,682,681</u>	<u>\$ 2,702,295</u>	<u>\$ 1,662,954</u>	<u>\$ 1,441,582</u>	<u>\$ 22,489,512</u>
Liabilities:					
Accounts payable	\$ 44,365	\$ -	\$ -	\$ 5,557	\$ 49,922
Accrued wages and benefits payable	1,591,876	-	-	71,815	1,663,691
Compensated absences payable	190,291	-	-	-	190,291
Interfund loans payable	-	-	-	10,388	10,388
Intergovernmental payable	143,192	-	-	4,681	147,873
Pension obligation payable	367,034	-	-	16,074	383,108
Total liabilities	<u>2,336,758</u>	<u>-</u>	<u>-</u>	<u>108,515</u>	<u>2,445,273</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year . . .	7,225,064	1,451,591	523,411	-	9,200,066
Delinquent property tax revenue not available . . .	385,113	78,638	28,373	-	492,124
Income tax revenue not available	368,028	-	-	-	368,028
Intergovernmental revenue not available	143,885	-	-	8,777	152,662
Miscellaneous revenue not available	86,218	-	-	-	86,218
Total deferred inflows of resources	<u>8,208,308</u>	<u>1,530,229</u>	<u>551,784</u>	<u>8,777</u>	<u>10,299,098</u>
Fund balances:					
Nonspendable:					
Materials and supplies inventory	6,104	-	-	-	6,104
Prepaids	2,925	-	-	-	2,925
Restricted:					
Debt service	-	1,172,066	-	-	1,172,066
Capital improvements	-	-	-	931,985	931,985
Food service operations	-	-	-	157,602	157,602
Targeted academic assistance	-	-	-	8,689	8,689
Other purposes	-	-	-	159,371	159,371
Extracurricular	-	-	-	60,846	60,846
Committed:					
Capital improvements	-	-	1,111,170	7,193	1,118,363
Assigned:					
Student instruction	55,205	-	-	-	55,205
Student and staff support	172,766	-	-	-	172,766
Student age child care	52,421	-	-	-	52,421
School supplies	32,024	-	-	-	32,024
Other purposes	13,051	-	-	-	13,051
Unassigned (deficit)	5,803,119	-	-	(1,396)	5,801,723
Total fund balances	<u>6,137,615</u>	<u>1,172,066</u>	<u>1,111,170</u>	<u>1,324,290</u>	<u>9,745,141</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,682,681</u>	<u>\$ 2,702,295</u>	<u>\$ 1,662,954</u>	<u>\$ 1,441,582</u>	<u>\$ 22,489,512</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2013**

Total governmental fund balances		\$	9,745,141
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			29,741,426
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.			
Property taxes receivable	\$	492,124	
Income taxes receivable		368,028	
Accounts receivable		86,218	
Intergovernmental receivable		152,662	
Total		152,662	1,099,032
Unamortized premiums on bonds issued are not recognized in the funds.			(757,982)
Unamortized deferred amounts on debt refundings are not recognized in the funds.			264,697
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(73,198)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(21,296,787)	
Capital lease obligations		(249,581)	
Compensated absences		(1,344,341)	
Total		(22,890,709)	(22,890,709)
Net position of governmental activities			\$ 17,128,407

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General</u>	<u>Debt Service</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Property taxes	\$ 9,733,357	\$ 1,963,317	\$ 704,378	\$ -	\$ 12,401,052
Income taxes	5,346,248	-	-	-	5,346,248
Tuition	796,218	-	-	-	796,218
Earnings on investments	9,591	1,120	1,180	1,110	13,001
Charges for services	-	-	-	501,097	501,097
Extracurricular	146,878	-	-	183,193	330,071
Classroom materials and fees	84,729	-	-	146,209	230,938
Rental income	8,250	-	-	4,531	12,781
Contributions and donations	8,317	-	-	10,765	19,082
Contract services	1,450	-	-	-	1,450
Other local revenues	94,725	-	-	9,515	104,240
Intergovernmental - state	5,877,489	272,533	112,038	16,477	6,278,537
Intergovernmental - federal	20,363	-	-	1,205,000	1,225,363
Total revenues	<u>22,127,615</u>	<u>2,236,970</u>	<u>817,596</u>	<u>2,077,897</u>	<u>27,260,078</u>
Expenditures:					
Current:					
Instruction:					
Regular	10,428,605	-	178,688	3,392	10,610,685
Special	1,403,554	-	-	287,233	1,690,787
Vocational	108,304	-	-	131,375	239,679
Other	5,865	-	-	-	5,865
Support services:					
Pupil	1,949,390	-	-	450,484	2,399,874
Instructional staff	272,797	-	-	96,278	369,075
Board of education	199,642	-	2,226	-	201,868
Administration	1,805,352	-	-	22,476	1,827,828
Fiscal	597,735	31,621	11,730	112	641,198
Operations and maintenance	2,105,485	-	113,540	-	2,219,025
Pupil transportation	1,502,301	-	166,465	41,202	1,709,968
Central	29,741	-	-	-	29,741
Operation of non-instructional services:					
Food service operations	-	-	-	780,655	780,655
Other non-instructional services	11,810	-	3,295	-	15,105
Extracurricular activities	263,388	-	-	190,556	453,944
Facilities acquisition and construction	-	-	20,475	1,204,101	1,224,576
Capital outlay	-	-	137,325	321,256	458,581
Debt service:					
Principal retirement	758	1,120,000	62,451	146,549	1,329,758
Interest and fiscal charges	8	949,330	-	-	949,338
Total expenditures	<u>20,684,735</u>	<u>2,100,951</u>	<u>696,195</u>	<u>3,675,669</u>	<u>27,157,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,442,880</u>	<u>136,019</u>	<u>121,401</u>	<u>(1,597,772)</u>	<u>102,528</u>
Other financing sources (uses):					
Transfers in	-	-	-	357,869	357,869
Transfers (out)	(357,869)	-	-	-	(357,869)
Capital lease transaction	-	-	137,325	321,256	458,581
Total other financing sources (uses)	<u>(357,869)</u>	<u>-</u>	<u>137,325</u>	<u>679,125</u>	<u>458,581</u>
Net change in fund balances	1,085,011	136,019	258,726	(918,647)	561,109
Fund balances at beginning of year	<u>5,052,604</u>	<u>1,036,047</u>	<u>852,444</u>	<u>2,242,937</u>	<u>9,184,032</u>
Fund balances at end of year	<u>\$ 6,137,615</u>	<u>\$ 1,172,066</u>	<u>\$ 1,111,170</u>	<u>\$ 1,324,290</u>	<u>\$ 9,745,141</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Net change in fund balances - total governmental funds \$ 561,109

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.

Capital asset additions	\$ 970,029	
Current year depreciation	(750,759)	
Total		219,270

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

Property taxes	886	
Income taxes	9,841	
Other miscellaneous revenues	45,040	
Intergovernmental	79,153	
Total		134,920

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:

Bonds	1,120,000	
Capital leases	209,758	
Total		1,329,758

Issuance of capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.

(458,581)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:

Decrease in accrued interest payable	4,829	
Accreted interest on capital appreciation bonds	(199,332)	
Amortization of bond premiums	23,010	
Amortization of deferred charges	(4,181)	
Total		(175,674)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

178,307

Change in net position of governmental activities **\$ 1,789,109**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 9,026,352	\$ 9,026,352	\$ 9,137,799	\$ 111,447
Income taxes.	5,076,442	5,076,442	5,139,120	62,678
Tuition.	452,980	452,980	458,573	5,593
Earnings on investments	9,030	9,030	9,141	111
Extracurricular.	144,101	144,101	145,880	1,779
Classroom materials and fees	47,878	47,878	48,469	591
Rental income	8,149	8,149	8,250	101
Contributions and donations	565	565	572	7
Contract services.	1,432	1,432	1,450	18
Other local revenues	45,320	45,320	45,880	560
Intergovernmental - state	5,805,806	5,805,806	5,877,489	71,683
Intergovernmental - federal	30,835	30,835	31,216	381
Total revenues	<u>20,648,890</u>	<u>20,648,890</u>	<u>20,903,839</u>	<u>254,949</u>
Expenditures:				
Current:				
Instruction:				
Regular	9,837,730	10,123,871	10,055,450	68,421
Special.	1,343,126	1,493,203	1,446,991	46,212
Vocational.	97,075	101,057	98,464	2,593
Other.	16,700	16,700	5,865	10,835
Support services:				
Pupil.	1,589,371	1,798,218	1,801,125	(2,907)
Instructional staff	276,751	300,877	289,573	11,304
Board of education	192,345	228,687	216,893	11,794
Administration.	1,981,232	1,923,897	1,898,283	25,614
Fiscal	568,612	598,417	588,359	10,058
Operations and maintenance.	2,143,412	2,254,447	2,162,940	91,507
Pupil transportation	1,591,168	1,694,362	1,561,482	132,880
Central.	9,160	31,504	30,259	1,245
Operation of non-instructional services:				
Other non-instructional services	733	733	218	515
Extracurricular activities.	292,713	274,134	267,620	6,514
Total expenditures	<u>19,940,128</u>	<u>20,840,107</u>	<u>20,423,522</u>	<u>416,585</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>708,762</u>	<u>(191,217)</u>	<u>480,317</u>	<u>671,534</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	-	11,810	11,810
Transfers (out).	-	(354,000)	(354,000)	-
Advances in.	-	-	8,738	8,738
Advances (out)	-	-	(10,388)	(10,388)
Total other financing sources (uses)	<u>-</u>	<u>(354,000)</u>	<u>(343,840)</u>	<u>10,160</u>
Net change in fund balance	708,762	(545,217)	136,477	681,694
Fund balance at beginning of year	3,467,163	3,467,163	3,467,163	-
Prior year encumbrances appropriated	331,729	331,729	331,729	-
Fund balance at end of year	<u>\$ 4,507,654</u>	<u>\$ 3,253,675</u>	<u>\$ 3,935,369</u>	<u>\$ 681,694</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents . . .	\$ 48,493	\$ 69,392
Receivables:		
Accounts	-	36
Total assets.	48,493	\$ 69,428
Liabilities:		
Accounts payable.	800	\$ 1,422
Due to students.	-	44,203
Undistributed monies	-	23,803
Total liabilities	800	\$ 69,428
Net position:		
Endowments	25,000	
Held in trust for scholarships	22,693	
Total net position.	\$ 47,693	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 62
Deductions:	
Scholarships awarded	1,300
Change in net position	(1,238)
Net position at beginning of year.	48,931
Net position at end of year	\$ 47,693

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 - DESCRIPTION OF THE DISTRICT

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

The District was established in 1961. The District serves an area of approximately one hundred ninety-six square miles and is located in Delaware, Marion, Morrow and Union Counties. The District is staffed by 74 classified employees, 140 certified teaching personnel and 12 administrative employees who provide services to 2,357 students and other community members. The District currently operates three elementary schools, a junior high school, a high school, an administration building and a bus garage.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

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

A. Reporting Entity (Continued)

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

JOINTLY GOVERNED ORGANIZATIONS

Tri-Rivers Educational Computer Association

The District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public Districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member Districts. The governing board of TRECA consists of one representative from each county elected by majority vote of all charter member Districts within each county, one representative from the city Districts, and the superintendent from Tri-Rivers Joint Vocational School. During fiscal year 2013, the District paid \$ 62,518 to TRECA for various services. Financial information can be obtained from the Tri-Rivers Educational Computer Association, 100 Executive Drive, Marion, Ohio 43302.

Delaware Area Career Center

The Delaware Area Career Center (Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education. The Career Center operates under the direction of a Board consisting of one representative from each of the ten participating Districts' Boards of Education. The Board possesses its own budgeting and taxing authority. The degree of control exercised by the District is limited to its representation on the Board. Financial information can be obtained from the Delaware Area Career Center, 4565 Columbus Pike Road, Delaware, Ohio 43015.

Central Ohio Regional Professional Development Center

The Central Ohio Regional Professional Development Center (Center) is a jointly governed organization among the Districts in Delaware, Licking, Franklin, Madison, Pickaway, and Union Counties. The Center was formed to advance the State Board of Education's mission that all students can learn by creating a high performance system of education. The Center's purpose is to provide long-term ongoing meaningful professional development for all educators and school support personnel. The Center is governed by a twenty-two member Board made up of representatives from the participating Districts, the business community, and three institutions of higher learning. The degree of control exercised by any participating District is limited to its representation on the Board. Financial information can be obtained from the Southwestern City District, 2975 Kingston Avenue, Grove City, Ohio 43123.

Metropolitan Educational Council

The Metropolitan Educational Council (MEC) is a purchasing cooperative made up of one hundred forty-two Districts, libraries, and related agencies in twenty-seven counties. The purpose of the MEC is to obtain prices for quality merchandise and services commonly used by the participants. The Governing Board of the MEC consists of one representative from each participant. All participants must pay all fees, charges, or other assessments as established by the MEC. Financial information can be obtained from the Metropolitan Educational Council, 2100 Citygate Drive, Columbus, Ohio 43219.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

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

A. Reporting Entity (Continued)

PUBLIC ENTITY RISK POOLS

Ohio School Plan

The District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Schuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Schuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Schuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

Champaign, Delaware, Marion, Union School Employee Welfare Benefit Association Trust

The Champaign, Delaware, Marion, Union School Employee Welfare Benefit Association Trust (Trust) is a public entity shared risk pool consisting of seven Districts and the Champaign County and Central Ohio Educational Service Centers. The Trust is organized as a Voluntary Employee Benefit association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and life insurance benefits to the employees of the participants. Each participant's superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington Bank, concerning aspects of the administration of the Trust.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from the North Union Local District, 12920 State Route 739, Richwood, Ohio, 43344.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

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

A. Reporting Entity (Continued)

Stark County Schools Council of Governments (the "Council")

The Council is governed by an assembly, which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. The Council has a Health Benefits Program, which is a shared risk pool comprised of an 85 member council of which 66 are member school districts.

B. Basis of Presentation

The District's basic financial statements consist of government-wide financial 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 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 District that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the District has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the 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 and grants, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements - During the fiscal year, the District segregates transactions related to certain 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 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.

C. Fund Accounting

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

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

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

C. Fund Accounting (Continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the District 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance.

The following are the District's major governmental funds:

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

Debt service fund - The debt service fund is used to account for the accumulation of resources and payment of general obligation bond and note principal, interest and related costs.

Permanent improvement fund – The permanent improvement fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets as authorized by Chapter 5705, Ohio Revised Code.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets that are not accounted for in the permanent improvement fund, and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are not available to support the District's own programs. The District's private-purpose trust funds account for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for various staff-related and student-managed activities.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

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

D. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

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

The private-purpose trust funds are accounted for using a flow of economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

E. Basis of Accounting

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income 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 income taxes is recognized in the fiscal year in which the income is earned (See Note 8). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

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

E. Basis of Accounting (Continued)

Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the 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 both measurable and available at fiscal year end: property taxes available as an advance, income taxes, grants, interest, tuition, student fees, and charges for services.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows of resources. Income taxes and grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2013, are recorded as deferred inflows of resources on the governmental fund financial statements.

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

Expenses/Expenditures - On the accrual basis, 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.

F. Budgetary Process

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds, except agency funds. The specific timetable is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Delaware County Budget Commission for tax rate determination.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

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

F. Budgetary Process (Continued)

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final amended certificates of estimated resources issued for fiscal year 2013.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the function level of expenditures for the general fund and fund level for all other funds, which is the legal level of budgetary control. Budgetary allocations at the object level within the general fund and at the function and object level for all other funds are made by the District Treasurer. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures may not exceed the appropriation total.
5. Any revisions that alter the total of any fund appropriation or function level of the general fund must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2013. All amounts reported in the budgetary statement reflect the original appropriations and the final appropriations, including all modifications legally enacted by the Board.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

G. Cash and Investments

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

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

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

G. Cash and Investments (Continued)

During fiscal year 2013, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2013.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2013 was \$9,591, which includes \$1,538 assigned from other District funds.

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

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

H. Prepaid Items

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

On the fund financial statements, reported prepayments is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

I. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method on the government-wide statements and the fund financial statements.

On the fund financial statements, reported material and supplies inventory is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

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

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

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

J. Capital Assets

Governmental capital assets are those assets specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost and updated for additions and deductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The District maintains a capitalization threshold of two-thousand-five-hundred dollars. 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 capitalized.

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

Description	Governmental Activities Estimated Lives
Land improvements	20 - 50 years
Buildings and improvements	25 - 133 years
Furniture and equipment	3 - 50 years
Vehicles	10 - 15 years
Infrastructure	50 years

K. Interfund Balances

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

L. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2013, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

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

L. Compensated Absences (Continued)

For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least ten years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2013 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on 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, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital lease obligations are recognized as a liability on the fund financial statements when due.

N. Issuance Costs/Bond Premiums and Discounts and Accounting Gain or Loss on Debt Refunding

On the governmental fund financial statements, issuance costs, bond premiums, bond discounts, and deferred charges from debt refunding are recognized in the current period.

On the government-wide financial statements, issuance costs are recognized in the current period and are not amortized. Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Unamortized bond premiums are presented as an addition to the face amount of the bonds reported on the statement of net position. Unamortized bond discounts are presented as a reduction to the face amount of the bonds reported on the statement of net position. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 15.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

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

O. Net Position

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

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

P. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

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

P. Fund Balance (Continued)

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

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

Q. Interfund Activity

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

R. Estimates

The preparation of financial statements in conformity with GAAP 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. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2013.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2013, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections-2012".

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (Continued)

A. Change in Accounting Principles (Continued)

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. For the District, the implementation of GASB Statement No. 65 has changed (1) the classification of certain items, including the deferral of property taxes levied for the subsequent fiscal, previously reported as liabilities to *deferred inflows of resources*, (2) the classification of unamortized deferred charges on debt refunding transactions from a reduction of liabilities to *deferred outflows of resources*, (3) the reporting of debt issuance costs to an expense in the period incurred rather than amortized over the term of the related debt issuance and (4) net assets of the District as previously reported to remove unamortized bond issuance costs previously reported. The implementation of GASB Statement No. 65 had the following effect on net assets as previously reported:

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

A. Change in Accounting Principles (Continued)

	Governmental Activities
Net assets, June 30, 2012	\$ 15,714,496
Removal of unamortized bond issuance costs	(375,198)
Net position at July 1, 2012	\$ 15,339,298

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

B. Deficit Fund Balance

Fund balances at June 30, 2013 included the following individual fund deficit:

<u>Nonmajor governmental fund</u>	<u>Deficit</u>
IDEA Part B	\$ 1,396

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

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies 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.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At fiscal year end, the District had \$150 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

B. Deposits with Financial Institutions

At June 30, 2013, the carrying amount of all District deposits was \$4,312,180. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, \$61,733 of the District's bank balance of \$4,967,339 was exposed to custodial risk as discussed below, while \$4,905,606 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

As of June 30, 2013, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u> <u>6 months or</u> <u>less</u>
STAR Ohio	\$ 3,310,859	\$ 3,310,859

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The 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.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
STAR Ohio	\$ 3,310,859	\$ 3,310,859

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2013:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,312,180
Investments	3,310,859
Cash on hand	<u>150</u>
Total	<u>\$ 7,623,189</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 7,505,304
Private-purpose trust fund	48,493
Agency fund	<u>69,392</u>
Total	<u>\$ 7,623,189</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund loans receivable/payable consisted of the following at June 30, 2013, as reported on the fund statements:

<u>Receivable Fund</u>	<u>Payable Funds</u>	<u>Amount</u>
General	Nonmajor governemntal funds	<u>\$ 10,388</u>

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

Interfund loans receivable/payable between governmental funds are eliminated for reporting on the statement of net position.

- B.** Interfund transfers for the year ended June 30, 2013, consisted of the following, as reported on the fund statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	<u>\$ 357,869</u>

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 5 - INTERFUND TRANSACTIONS (Continued)

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers between governmental funds are eliminated for reporting on the statement of activities.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Delaware, Morrow, Union and Marion Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$1,930,295 in the general fund, \$377,176 in the debt service fund and \$158,164 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2012 was \$1,334,737 in the general fund, \$276,944 in the debt service fund and \$98,208 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 6 - PROPERTY TAXES - (Continued)

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

	2012 Second Half Collections		2013 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 491,260,440	97.50	\$ 495,907,740	97.26
Public utility personal	<u>12,600,640</u>	<u>2.50</u>	<u>13,970,300</u>	<u>2.74</u>
Total	<u>\$ 503,861,080</u>	<u>100.00</u>	<u>\$ 509,878,040</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 34.73		\$ 34.66	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2013, consisted of accounts (student fees and billings for user charged services), accrued interest, intergovernmental, income taxes, and property taxes. 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. All receivables, except property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. A summary of the principal items of receivables follows:

Governmental activities:

Property taxes	\$ 12,157,825
Income taxes	2,472,990
Accounts	45,806
Accrued interest	1,511
Intergovernmental	<u>285,230</u>
Total	<u>\$ 14,963,362</u>

NOTE 8 - INCOME TAX

The District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1993, and is for a continuing period. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue of \$5,346,248 was credited to the general fund during fiscal year 2013.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 9 - CAPITAL ASSETS

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

	Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2013</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 498,673	\$ -	\$ -	\$ 498,673
Total capital assets, not being depreciated	<u>498,673</u>	<u>-</u>	<u>-</u>	<u>498,673</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,592,373	45,239	-	1,637,612
Buildings and improvements	31,683,790	697,276	-	32,381,066
Furniture and equipment	2,155,300	61,049	(262,159)	1,954,190
Vehicles	2,327,221	166,465	-	2,493,686
Infrastructure	<u>154,668</u>	<u>-</u>	<u>-</u>	<u>154,668</u>
Total capital assets, being depreciated	<u>37,913,352</u>	<u>970,029</u>	<u>(262,159)</u>	<u>38,621,222</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(561,807)	(52,799)	-	(614,606)
Buildings and improvements	(5,506,043)	(435,224)	-	(5,941,267)
Furniture and equipment	(1,516,797)	(45,554)	262,159	(1,300,192)
Vehicles	(1,232,887)	(214,448)	-	(1,447,335)
Infrastructure	<u>(72,335)</u>	<u>(2,734)</u>	<u>-</u>	<u>(75,069)</u>
Total accumulated depreciation	<u>(8,889,869)</u>	<u>(750,759)</u>	<u>262,159</u>	<u>(9,378,469)</u>
Depreciable capital assets, net	<u>29,023,483</u>	<u>219,270</u>	<u>-</u>	<u>29,242,753</u>
Governmental activities capital assets, net	<u>\$ 29,522,156</u>	<u>\$ 219,270</u>	<u>\$ -</u>	<u>\$ 29,741,426</u>

The District's North Elementary School was closed for the 2013-2014 school year. It is management's intent to re-open this elementary school once funding becomes available.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 313,786
Special	15,381
Vocational	5,695
<u>Support services:</u>	
Pupil	11,025
Instructional staff	24,565
Administration	6,555
Fiscal	713
Operations and maintenance	43,312
Pupil transportation	216,879
<u>Operation of non-instructional services:</u>	
Other non-instructional services	12,976
Food service operations	13,955
Extracurricular activities	<u>85,917</u>
Total depreciation expense	<u>\$ 750,759</u>

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The 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.

For fiscal year 2013, the District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

Coverage provided by the Ohio School Plan is as follows:

Automobile Liability	\$2,000,000
Uninsured Motorist	1,000,000
Buildings and Contents/Boiler and Machinery	72,021,566
General District Liability	
Per Occurrence	2,000,000
Total Per Year	4,000,000
Excess Liability	1,000,000

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

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 10 - RISK MANAGEMENT - (Continued)

B. Workers' Compensation Rating Plan

For fiscal year 2013, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants 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 in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

C. Employee Group Medical/Surgical and Dental Insurance

For the period July 1, 2012 through August 31, 2012, the District participated in the Champaign, Delaware, Marion, Union School Employee Welfare Benefit Association Trust (Trust), a public entity shared risk pool consisting of eight Districts and the Champaign County and Central Ohio Educational Service Centers. The District pays monthly premiums to the Trust for employee medical, dental, and life insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

For the period September 1, 2012 through June 30, 2013, the District contracted with the Stark County Schools Council of Governments Health Benefits Program to provide employee medical/surgical and dental benefits. The Stark County Schools Council's Health Benefits Program is a shared risk pool comprised of a 85 member council of which 66 are member school Districts. Rates are set through an annual calculation process. The District pays a monthly contribution which is paid in a common fund from which claim payments are made for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting school district subsequent to the settlements of all expenses and claims.

NOTE 11 - PENSION PLANS

A. School Employees Retirement System

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

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 11 - PENSION PLANS - (Continued)

A. School Employees Retirement System (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$342,703, \$380,725 and \$351,551, respectively; 68.32 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

B. State Teachers Retirement System of Ohio

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 11 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio (Continued)

Funding Policy - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$1,122,665, \$1,205,389 and \$1,240,691, respectively; 83.97 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$57,889 made by the District and \$41,348 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2013, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

A. School Employees Retirement System (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012 and 2011 were \$47,455, \$59,606 and \$85,442, respectively; 68.32 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$19,359, \$22,484 and \$22,623, respectively; 68.32 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$86,359, \$92,722 and \$95,438, respectively; 83.97 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of two hundred forty-five days for all employees. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit. In addition, sick leave in excess of one hundred twenty days is calculated on a basis of the total accumulated sick leave days up to and including two hundred thirty days multiplied by .357 for classified employees, and up to and including two hundred thirty days multiplied by .333 for certified employees.

B. Health Care Benefits

For the period July 1, 2012 through August 31, 2012, the District offered medical/surgical and dental insurance benefits to employees through the Champaign, Delaware, Marion, Union School Employee Welfare Benefit Association Trust. Depending on the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract.

For the period September 1, 2012 through June 30, 2013, the District offered medical/surgical and dental insurance benefits to employees through the Stark County Schools Council of Governments Health Benefits Program. Employees share the cost of the monthly premium with the Board. The employee premium varies depending on the terms of the union contract.

NOTE 14 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year End Encumbrances</u>
General	\$ 189,632
Permanent improvement	277,274
Nonmajor governmental funds	<u>159,182</u>
 Total	 <u>\$ 626,088</u>

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 15 - LONG-TERM OBLIGATIONS

A. Changes in the District's long-term obligations during fiscal year 2013 were as follows:

	Balance Outstanding <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance Outstanding <u>June 30, 2013</u>	Amount Due in <u>One Year</u>
<u>General Obligation Bonds:</u>					
School Building Bonds (Series 1995)					
Term Bonds 5.00-6.85%	\$ 2,835,000	\$ -	\$ (640,000)	\$ 2,195,000	\$ 685,000
Refunding School Building Bonds (Series 2004)					
Serial Bonds 2.00-4.00%	3,975,008	-	(65,000)	3,910,008	65,000
Capital Appreciation Bonds	204,992	-	-	204,992	-
Accreted Interest on Capital Appreciation Bonds	377,907	85,958	-	463,865	-
School Facilities Bonds (Series 2009)					
Current Interest Bonds 2.50%-5.00%	14,145,000	-	(415,000)	13,730,000	430,000
Capital Appreciation Bonds	419,994	-	-	419,994	-
Accreted Interest on Capital Appreciation Bonds	<u>259,554</u>	<u>113,374</u>	<u>-</u>	<u>372,928</u>	<u>-</u>
Total, general obligation bonds	<u>22,217,455</u>	<u>199,332</u>	<u>(1,120,000)</u>	<u>21,296,787</u>	<u>1,180,000</u>
<u>Other Long-Term Obligations:</u>					
Capital lease obligations	758	458,581	(209,758)	249,581	123,189
Compensated absences	<u>1,643,226</u>	<u>183,125</u>	<u>(291,719)</u>	<u>1,534,632</u>	<u>305,860</u>
Total, other long-term obligations	<u>1,643,984</u>	<u>641,706</u>	<u>(501,477)</u>	<u>1,784,213</u>	<u>429,049</u>
Total, all governmental activities long-term liabilities	23,861,439	<u>\$ 841,038</u>	<u>\$ (1,621,477)</u>	23,081,000	<u>\$ 1,609,049</u>
Add: unamortized premiums	<u>780,992</u>			<u>757,982</u>	
Total on statement of net position	<u>\$ 24,642,431</u>			<u>\$ 23,838,982</u>	

Compensated Absences: Compensated absences will be paid primarily from the general fund.

Capital Leases: Capital lease obligations will be paid from the general fund. See Note 16 for details.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

- B. School Building Bonds (Series 1995)** - On December 1, 1995, the District issued \$14,000,000 in voted general obligation bonds for improving and constructing school buildings and facilities. The bonds were issued for a twenty-five year period, with final maturity in fiscal year 2016. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The interest rates on the bonds range from 5.00% to 6.85%. The bonds are being retired through the debt service fund.
- C. Refunding School Building Bonds (Series 2004)** - On October 1, 2004, the District issued bonds, in the amount of \$4,650,000, to partially refund bonds previously issued in fiscal year 1996, in the amount of \$4,650,000, for improving and constructing school buildings and facilities. The refunding bond issue included serial and capital appreciation bonds, in the amount of \$4,445,008 and \$204,992, respectively. The bonds were issued for a sixteen year period, with final maturity during fiscal year 2021. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The bonds are being retired through the debt service fund.

The serial bonds are subject to prior redemption on or after December 1, 2014, by and at the sole option of the District, either in whole on any date or in part on any interest payment date, and in integral multiples of \$5,000, at 100% of the principal amount redeemed plus accrued interest to the redemption date.

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds mature on December 1, 2014, 2015 and 2016 (stated interest 14.24%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,050,000. Total accreted interest of \$463,865 has been included on the statement of net position at June 30, 2013.

- D. School Facilities Bonds (Series 2009)** - On April 20, 2009, the District issued general obligation bonds to finance building construction and improvements. The issue is comprised of both current interest bonds, par value \$15,580,000, and capital appreciation bonds, par value \$419,994. The interest rate on the current interest bonds range from 2.50% to 5.00%. The capital appreciation bonds mature on December 1, 2015, 2016 and 2017 (stated interest 16.05%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,350,000. Total accreted interest of \$372,928 has been included on the statement of net position at June 30, 2013. At June 30, 2013, the District had \$125,729 of unspent bond proceeds remaining on the bond issue.

These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for on the statement of net position. Payments of principal and interest relating to this bond are recorded as expenditures in the debt service fund.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issues is December 1, 2036.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

E. Principal and interest requirements to retire general long-term obligations outstanding at June 30, 2013, were as follows:

Fiscal Year Ending June 30,	Current Interest Bonds - Series 2004			Capital Appreciation Bonds - Series 2004		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 65,000	\$ 154,027	\$ 219,027	\$ -	\$ -	\$ -
2015	-	152,890	152,890	17,454	52,546	70,000
2016	-	152,890	152,890	15,211	54,789	70,000
2017	-	152,890	152,890	172,327	737,673	910,000
2018	910,000	135,145	1,045,145	-	-	-
2019 - 2021	2,935,008	178,500	3,113,508	-	-	-
Total	\$ 3,910,008	\$ 926,342	\$ 4,836,350	\$ 204,992	\$ 845,008	\$ 1,050,000

Fiscal Year Ending June 30,	Current Interest Bonds - Series 2009			Capital Appreciation Bonds - Series 2009		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 430,000	\$ 609,650	\$ 1,039,650	\$ -	\$ -	\$ -
2015	440,000	597,138	1,037,138	-	-	-
2016	-	590,538	590,538	162,081	287,919	450,000
2017	-	590,538	590,538	138,893	311,107	450,000
2018	-	590,537	590,537	119,020	330,980	450,000
2019 - 2023	2,450,000	2,720,748	5,170,748	-	-	-
2024 - 2028	2,985,000	2,162,922	5,147,922	-	-	-
2029 - 2033	3,725,000	1,399,370	5,124,370	-	-	-
2034 - 2037	3,700,000	381,250	4,081,250	-	-	-
Total	\$ 13,730,000	\$ 9,642,691	\$ 23,372,691	\$ 419,994	\$ 930,006	\$ 1,350,000

Fiscal Year Ending June 30,	School Building Bonds - Series 1995		
	Principal	Interest	Total
2014	\$ 685,000	\$ 126,896	\$ 811,896
2015	725,000	78,603	803,603
2016	785,000	26,886	811,886
Total	\$2,195,000	\$ 232,385	\$2,427,385

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

F. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2013, are a voted debt margin of \$26,584,806 (including available funds of \$1,172,066) and an unvoted debt margin of \$509,878.

NOTE 16 - CAPITAL LEASES - LESSEE DISCLOSURE

In the current fiscal year, the District entered into a capital lease agreement for the acquisition of computer and technology equipment. In prior a fiscal year, the District entered a capital lease agreement for copier equipment. These leases meet the criteria of a capital lease as defined by GASB, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the statement of revenues, expenditures and changes in fund balances - general fund. These expenditures are reflected as program/function expenditures on a budgetary basis. During fiscal year 2013, the District made the final payment on the copier capital lease, and therefore there is no remaining obligation. The computer and technology equipment acquired by the capital lease in fiscal year 2013 did not meet the District's capitalization threshold for reporting as capital assets. Capital assets acquired by the lease agreements have been capitalized in the amount of \$18,934, which represents the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2013 was \$18,934, leaving a current book value of zero.

A corresponding liability was recorded on the statement of net position. Principal payments in fiscal year 2013 totaled \$209,758. This amount is reflected as debt service principal retirement in the general fund, the permanent improvement fund and the building fund (a nonmajor governmental fund), and as a reduction to the long-term liabilities reported on the statement of net position.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 16 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2013.

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2014	\$ 129,679
2015	<u>129,678</u>
Total	259,357
Less: amount representing interest	<u>(9,776)</u>
Present value of minimum lease payments	<u>\$ 249,581</u>

NOTE 17 - DONOR RESTRICTED ENDOWMENTS

The District's private-purpose trust fund activity includes donor restricted endowments. Endowments, in the amount of \$25,000, represent the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the District is \$22,693 and is included as held in trust for scholarships. State law permits the District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate that the interest should be used to provide scholarships each year.

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund 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 the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

(e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 136,477
Net adjustment for revenue accruals	803,188
Net adjustment for expenditure accruals	(39,661)
Net adjustment for other sources/uses	(14,029)
Funds budgeted elsewhere	(55,857)
Adjustment for encumbrances	254,893
GAAP basis	\$ 1,085,011

Certain funds that are legally budgeted in separate fund classifications are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, public school support fund, library/BV east opera fund, student age child care fund, recycling fund and portions of the special trust fund.

NOTE 19 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year. The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2012	\$ -
Current year set-aside requirement	396,106
Current year offsets	(396,106)
Total	\$ -
Balance carried forward to fiscal year 2014	\$ -
Set-aside balance June 30, 2013	\$ -

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 19 - SET-ASIDES - (Continued)

During fiscal year 2009, the District issued \$15,999,994 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$15,999,994 at June 30, 2013.

NOTE 20 - CONTINGENCIES

A. Grants

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

B. Litigation

The District is currently involved as a defendant in various litigation matters. It is the opinion of management that the potential claims against the District that would not be covered by insurance will not materially affect the District's financial statements.

NOTE 21 - SIGNIFICANT SUBSEQUENT EVENTS

Ms. Kelly Moore was named Treasurer of the District on August 1, 2013.

Mr. Mark Tingley was named Superintendent of the District on August 1, 2013.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Education</i>			
Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	\$ 45,310	\$ 45,310
Cash Assistance			
School Breakfast Program	10.553	44,591	44,591
National School Lunch Program	10.555	270,139	270,139
Special Milk Program for Children	10.556	2,205	2,205
Total Nutrition Cluster		<u>362,245</u>	<u>362,245</u>
Total United States Department of Agriculture		<u>362,245</u>	<u>362,245</u>
UNITED STATES DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	314,739	316,351
Special Education Cluster:			
Special Education Grants to States	84.027	464,264	464,264
Improving Teacher Quality State Grants	84.367	32,480	34,211
ARRA- Race to the Top	84.395	73,052	61,039
Education Jobs Fund	84.410	<u>14,146</u>	<u>14,220</u>
Total United States Department of Education		<u>898,681</u>	<u>890,085</u>
Total Federal Awards		<u>\$ 1,260,926</u>	<u>\$ 1,252,330</u>

The accompanying notes are an integral part of this schedule.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value.



Dave Yost • Auditor of State

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

Buckeye Valley Local School District
Delaware County
679 Coover Road
Delaware, Ohio 43015

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Buckeye Valley Local School District, Delaware County, Ohio (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 21, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



Robert Hinkle, CPA, CGFM
Deputy Chief Auditor

Columbus, Ohio

February 21, 2014



Dave Yost • Auditor of State

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

Buckeye Valley Local School District
Delaware County
679 Coover Road
Delaware, Ohio 43015

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Buckeye Valley Local School District's (the District's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of findings as items 2013-003 and 2013-004. These findings did not require us to modify our compliance opinion on each major federal program.

The District's responses to our noncompliance findings are described in the accompanying corrective action plan. We did not audit the District's responses and, accordingly, we express no opinion on them.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and a deficiency we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2013-003 and 2013-004 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2013-002 to be a significant deficiency.

The District's responses to our noncompliance findings are described in the accompanying corrective action plan. We did not audit the District's responses and, accordingly, we express no opinion on them.

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



Robert Hinkle, CPA, CGFM
Deputy Chief Auditor

Columbus, Ohio

February 21, 2014

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**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	<u>Title I:</u> CFDA #84.010 <u>Child Nutrition Cluster:</u> CFDA #10.553, 10.555, 10.556
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

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

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

FINDING NUMBER 2013-001

Financial Statement Adjustments

Material Weakness

Sound financial reporting is the responsibility of the District's management and the Board of Education, and it is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Although all cash receipts were posted to the correct funds, the District's financial statements included Property Taxes Receivable and related Deferred Inflows of \$1,179,772 accrued in the Permanent Improvement Fund; however this should have been accrued in the Debt Service fund instead, since that fund will receive those monies once received. An audit adjustment for this amount was proposed and the District's financial statements were corrected.

We also noted other various misstatements which were aggregately immaterial to the financial statements, and for which the financial statements were not corrected.

The District has controls to ensure accurate financial reporting. However material misstatements at least suggest that controls may not be working as intended. We recommend the District ensure internal controls over financial reporting are functioning as intended. Furthermore, the adjustments to the financial statements and the unadjusted differences discussed above should be reviewed by management and the Board to ensure that similar errors are not reported in the District's financial statements in subsequent years.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

**Reporting & Cash Management
Significant Deficiency**

Finding Number	2013-002
CFDA Title and Number	Child Nutrition Cluster – CFDA #10.553, 10.555, 10.556
Federal Award Number / Year	2013
Federal Agency	US Department of Agriculture
Pass-Through Agency	Ohio Department of Education

Claims for reimbursements must be based on accurate counts for lunches and meal supplements and correctly identify the number of free, reduced price and paid lunches served to eligible children.

The Ohio Department of Education (ODE) provides reimbursement to the District at a pre-determined rate per meal for the actual number of meals served to eligible children. The District expends monies for the meals, and then submits data regarding the quantity of eligible meals served and receives reimbursement from ODE.

The District has controls to ensure the data it submits include only eligible meals; however controls may not have functioned as intended. While not material to the District's compliance with Reporting and Cash Management requirements, data submitted for the months of September 2012, January 2013 and April 2013 included 389 full-priced meals purchased by adults; therefore the District was provided reimbursement for meals which were not actually served to eligible children.

The data submitted for reimbursement should include only those meals served to children.

We recommend the District examine its procedures to properly document and submit for reimbursement only the quantity of meals served to eligible children.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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**Eligibility
Material Weakness/Material Non-Compliance**

Finding Number	2013-003
CFDA Title and Number	Child Nutrition Cluster – CFDA #10.553, 10.555, 10.556
Federal Award Number / Year	2013
Federal Agency	US Department of Agriculture
Pass-Through Agency	Ohio Department of Education

7 C.F.R. 245.3 provides guidance regarding family-size income standards to be used by local educational agencies in making eligibility determinations for free or reduced price meals and for free milk. These Standards are to be in accordance with Income Eligibility Guidelines published by the U.S. Department of Agriculture the Federal Register. Each School Food Authority shall serve free and reduced price meals or free milk in the respective programs to children eligible under its eligibility criteria.

C.F.R. 245.6 requires the District to perform limited verification of eligible children in a sample of approved free/reduced meal applications, no later than November 15th of each school year. This verification includes contacting families of eligible children and obtaining documentation to verify household income.

The District did not have internal controls to ensure compliance regarding eligibility determinations and timely completion of the verification procedures.

We noted the following:

- The District approved two students as eligible for free meals when they only met the Income Eligibility Guidelines criteria for reduced-price reduced meals.
- The District did not complete the eligibility verification until February 1, 2013.
- Once the eligibility verification was completed one student's eligibility determination was changed from reduced-price to free, but based on income and demographic documentation provided by the student's family and Income Eligibility Requirements the student's eligibility determination should not have changed.

Improper eligibility determinations and not timely performing verification procedures could allow ineligible children to receive benefits under this program, or benefits at an incorrect level.

We recommend the District implement effective controls to properly determine eligibility and ensure the Eligibility Verification is performed prior to the required date. Additionally, the District needs to ensure it follows the verification processes listed in the Federal Register to ensure all students are receiving the proper level of program benefits.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

**Paid Lunch Equity Calculation
Material Weakness/Material Non-Compliance**

Finding Number	2013-004
CFDA Title and Number	Child Nutrition Cluster – CFDA #10.553, 10.555, 10.556
Federal Award Number / Year	2013
Federal Agency	US Department of Agriculture
Pass-Through Agency	Ohio Department of Education

7 C.F.R. 210.14 states that for each school year the District must establish a price for paid lunches in accordance with a weighted average price calculation. The objective is to ensure an adequate price for paid lunches is set to sustain the District's food service operations. Guidance on this calculation can be found on the United States Department of Agriculture's website at <http://www.fns.usda.gov/cnd/governance/Policy-Memos/2012/SP22-2012os.pdf>.

The District had no controls in place to ensure the calculation was completed or that the paid lunch price met the requirements. Although the District's fiscal year 2013 lunch prices complied with this requirement, the calculation described above was not performed for fiscal year 2013.

Lack of internal control procedures does not allow management to ensure the paid lunch equity calculation is being completed, and whether any changes to lunch prices are required.

We recommend the District implement controls to perform this annual weighted average calculation. If after completing this calculation lunch prices need adjusted the Board of Education should approve applicable changes to lunch prices through formal action.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2013**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-001	This misstatement was due to an error by the GAAP conversion firm hired by the district. The district and the firm are taking the necessary steps to fix the error.	June 30, 2014	Kelly Moore, Treasurer
2013-002	The Treasurer met with the Director of Food Service and the employee that is responsible for inputting the information into the system to ensure complete understanding of the monthly cafeteria reports.	March 5, 2014	Janet Williams, Food Service Director
2013-003	The Treasurer met with the Director of Food Service and the Director of Operations to discuss the errors above. Procedures have been established to ensure better accuracy of eligibility determination.	March 5, 2014	Janet Williams, Food Service Director
2013-004	The Treasurer met with the Director of Food Service and the Director of Operations to discuss when the above calculation should be completed. It was determined that the calculation will be completed at the end of the each school year by the Director of Food Services. She will be responsible of keeping the calculation on file.	March 5, 2014	Janet Williams, Food Service Director, and Mark Malcolm, Director of Operations

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Allowable Costs/Cost Principles – the District did not complete semi-annual certifications for employees whose salaries were charged solely to federal grants; also twenty-five per cent of the Director of Classified Services' salary was charged to the Food Service Fund but there was no time and effort documentation to support this.	Yes	

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Buckeye Valley Local School District
Delaware County
679 Coover Road
Delaware, Ohio 43015

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on November 13, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

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

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Robert Hinkle, CPA, CGFM
Auditor of State

February 21, 2014

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BUCKEYE VALLEY LSD

DELAWARE 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
MARCH 27, 2014**