



Dave Yost • Auditor of State

**BUCKEYE LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

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 Local School District, Ashtabula County, Ohio (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for 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 School 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 School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Local School District, Ashtabula County, Ohio, as of June 30, 2014, and the respective changes in financial position, thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with 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 Information

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

The Federal Awards Receipts and Expenditures Schedule presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is 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 this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 5, 2015, on our consideration of the School 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 School District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

February 5, 2015

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Buckeye Local School District
Ashtabula County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

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

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

Overall:

- For governmental activities, net position decreased \$17,029, which represents a decrease of less than one percent from fiscal year 2013.
- The District paid off its capital lease obligations during the fiscal year.
- General revenues accounted for \$15,712,655 in revenue or 84 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,898,228 or 16 percent of total governmental revenues of \$18,610,883.
- The District had \$18,627,912 in expenses related to governmental activities; only \$2,898,228 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$15,712,655 coupled with the program revenues were not quite adequate to provide for these programs this fiscal year.
- The general fund had \$16,610,987 in revenues and \$16,716,148 in expenditures on a modified accrual basis. The general fund's fund balance decreased \$105,161 to \$3,969,356, from \$4,074,517 in fiscal year 2013, a decrease of 3 percent.

Using these Basic Financial Statements

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

The *Statement of Net 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 and what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Buckeye School District, the general fund by far is the most significant fund.

Buckeye Local School District
Ashtabula County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
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 we do financially during fiscal year 2014?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the 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 District has only one kind of activity:

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 15. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these financial statements focus on the District's most significant funds. The District's major governmental fund is the general fund.

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

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

Buckeye Local School District
Ashtabula County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The District as a Whole

Table 1 shows net position for fiscal year 2014 as compared to fiscal year 2013.

Net Position (Table 1)
Governmental Activities

	2014	2013	Change
Assets			
Current and Other Assets	\$12,707,017	\$12,756,754	(\$49,737)
Capital Assets, Net	3,022,543	2,897,099	125,444
<i>Total Assets</i>	<u>15,729,560</u>	<u>15,653,853</u>	<u>75,707</u>
Liabilities			
Current Liabilities	2,165,135	2,095,320	69,815
Long-Term Liabilities			
Due within One Year	53,950	64,120	(10,170)
Due in More than One Year	1,019,593	1,055,399	(35,806)
<i>Total Liabilities</i>	<u>3,238,678</u>	<u>3,214,839</u>	<u>23,839</u>
Deferred Inflows of Resources			
Property Taxes	5,702,690	5,633,793	68,897
Net Position			
Net Investment in Capital Assets	3,022,543	2,881,279	141,264
Restricted	642,268	694,713	(52,445)
Unrestricted (Deficit)	3,123,381	3,229,229	(105,848)
<i>Total Net Position</i>	<u>\$6,788,192</u>	<u>\$6,805,221</u>	<u>(\$17,029)</u>

Total assets increased by \$75,707. This increase can be attributed mostly to an increase in capital assets as the District purchased 2 new busses, made various building improvements and purchased new furniture and equipment during the fiscal year. A decrease in other assets of \$49,737 offset the increase in total assets.

Total liabilities increased by \$23,839, due mostly to an increase in accrued wages and benefits payable from the prior year. The overall increase in liabilities is less than 1 percent.

Deferred inflows of resources for property taxes remained fairly consistent with the prior year, increasing just over 1 percent.

By comparing assets, liabilities and deferred inflows of resources, one can see the overall position of the School District has declined slightly, as evidenced by the decrease in net position of \$17,029, or less than 1 percent.

The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$15,712,655 or 84 percent of the total revenue. The most significant portion of the general revenue is intergovernmental receipts and local property tax. The remaining amount of revenue received was in the form of program revenues, which equaled \$2,898,228 or 16 percent of total revenue.

Buckeye Local School District
Ashtabula County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 2
Change in Net Position
Governmental Activities

	2014	2013	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$1,800,861	\$1,600,654	\$200,207
Operating Grants and Contributions	1,097,367	1,090,180	7,187
<i>Total Program Revenues</i>	<u>2,898,228</u>	<u>2,690,834</u>	<u>207,394</u>
General Revenues			
Property Taxes	6,157,698	4,052,259	2,105,439
Intergovernmental	9,464,214	9,043,537	420,677
Investment Earnings	21,010	23,140	(2,130)
Miscellaneous	69,733	14,749	54,984
Gain on Sale of Capital Assets	0	56,920	(56,920)
<i>Total General Revenues</i>	<u>15,712,655</u>	<u>13,190,605</u>	<u>2,522,050</u>
<i>Total Revenues</i>	<u>18,610,883</u>	<u>15,881,439</u>	<u>2,729,444</u>
Program Expenses			
Current:			
Instruction:			
Regular	8,992,229	9,178,882	(186,653)
Special	2,170,616	2,053,314	117,302
Vocational	245,016	290,718	(45,702)
Adult/Continuing	30,895	800	30,095
Support Services:			
Pupil	633,315	520,800	112,515
Instructional Staff	236,439	274,462	(38,023)
Board of Education	38,771	26,189	12,582
Administration	1,361,443	1,371,802	(10,359)
Fiscal	485,520	481,181	4,339
Business	86,806	81,281	5,525
Operation and Maintenance of Plant	1,766,402	1,696,148	70,254
Pupil Transportation	1,202,633	1,079,573	123,060
Central	81,625	49,982	31,643
Operation of Non-Instructional Services	0	912	(912)
Operation of Food Services	764,043	800,560	(36,517)
Extracurricular Activities	531,479	459,063	72,416
Interest and Fiscal Charges	680	248	432
<i>Total Program Expenses</i>	<u>18,627,912</u>	<u>18,365,915</u>	<u>261,997</u>
<i>Change in Net Position</i>	<u>(17,029)</u>	<u>(2,484,476)</u>	<u>2,467,447</u>
Net Position Beginning of Year	6,805,221	9,289,697	(2,484,476)
<i>Net Position End of Year</i>	<u>\$6,788,192</u>	<u>\$6,805,221</u>	<u>(\$17,029)</u>

Buckeye Local School District
Ashtabula County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

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

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to voters to maintain a constant level of service. Property taxes made up 33 percent of governmental activities revenue for Buckeye Local School District in fiscal year 2014, an increase of seven percent from fiscal year 2013.

Governmental Activities

Total net position of the School District decreased \$17,029 during fiscal year 2014. The governmental expenses of \$18,627,912 were partially offset by program revenues of \$2,898,228 and general revenues of \$15,712,655. Program revenues supported 16 percent of the total governmental activities expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 84 percent of total governmental revenue.

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

Table 3
Total and Net Cost of Program Services

	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction	\$11,438,756	\$9,547,969	\$11,523,714	\$10,267,453
Support Services:				
Pupil	633,315	620,361	520,800	484,045
Instructional Staff	236,439	173,881	274,462	177,831
Board of Education	38,771	38,771	26,189	24,339
Administration	1,361,443	1,361,443	1,371,802	1,275,258
Fiscal	485,520	485,520	481,181	448,995
Business	86,806	86,806	81,281	75,542
Operation and Maintenance of Plant	1,766,402	1,766,402	1,696,148	1,574,990
Pupil Transportation	1,202,633	1,191,142	1,079,573	992,037
Central	81,625	78,657	49,982	46,542
Operation of Non-Instructional Services	0	0	912	912
Food Service Operation	764,043	34,216	800,560	25,305
Extracurricular Activities	531,479	343,836	459,063	281,584
Interest and Fiscal Charges	680	680	248	248
<i>Total Expenditures</i>	<u>\$18,627,912</u>	<u>\$15,729,684</u>	<u>\$18,365,915</u>	<u>\$15,675,081</u>

The dependence upon general tax revenues for governmental activities is apparent. Over 53 percent of instruction activities are supported through property taxes alone. For all governmental activities, general revenue and prior year cash balances support all expenses as shown in the above table. The community, as a whole, is by far the primary support for Buckeye Local School District students.

Buckeye Local School District
Ashtabula County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The District's Funds

Information regarding the School District's major funds begins on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$18,593,848 to offset expenditures of \$18,799,332. The net change in fund balance for the year was most significant in the general fund, which decreased \$105,161. This decrease in fund balance is due to expenditures slightly exceeding revenues. As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, intergovernmental revenue and property taxes are the largest revenue sources, accounting for nearly 90 percent of total governmental revenue. Clearly, the community is the greatest source of financial support for the students of the Buckeye Local School District.

General Fund Budgeting Highlights

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

During the course of fiscal year 2014 the District amended its General Fund budget several times. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, actual revenue, including other financing sources, was \$16,607,853, which was \$13,407 more than the final budgeted revenue of \$16,594,446 and \$499,562 more than the original budget estimate of \$16,108,291. The District continues to use a conservative approach of estimating revenue and these variances are well within reason for an entire year of budgeting.

Total actual expenditures, including other financing uses, were \$16,802,343, which was \$3,238 less than final budgeted expenditures and \$1,851,719 less than original budgeted expenditures of \$18,654,062. The variance from the original estimate is the result of a conservative approach to budgeting.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the School District had \$3,022,543 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles and textbooks.

Buckeye Local School District
Ashtabula County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 4 shows fiscal year 2014 balances compared to fiscal year 2013:

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

	<u>2014</u>	<u>2013</u>
Land	\$402,305	\$402,305
Land Improvements	216,725	183,523
Buildings and Improvements	1,324,820	1,166,956
Furniture, Fixtures and Equipment	423,027	367,471
Vehicles	610,461	575,378
Textbooks	45,205	201,466
<i>Total</i>	<u>\$3,022,543</u>	<u>\$2,897,099</u>

All capital assets, except land, are reported net of depreciation. As one can see, the School District had an overall increase in capital assets of \$125,444. The increase is due to current year additions of \$525,968 exceeding depreciation of \$265,007 and net deletions of \$135,517. For more information about the School District's capital assets, see Note 9 to the basic financial statements.

Debt

The School District did not issue or have any outstanding long-term debt during the fiscal year.

During the fiscal year the School District paid off its only capital lease obligation, making the scheduled payment of \$15,820.

Current Financial Related Activities

The challenge for Buckeye Local Schools to educate children on a stringent budget is getting even more difficult for our School District. Of the operating funds the School District received in FY 2014, approximately 35 percent were from local property and public utility taxes, 35 percent from the State Foundation funding system, 20 percent from the State through the Homestead/Rollback and tangible personal property reimbursements and 10 percent from other local funds. Of the other local funds category, open enrollment accounted for 82 percent of those funds. Declining enrollment of our own student population has allowed the District to accept students from other Districts and receive payment through the State for those students, which is identified as open enrollment.

Despite the funding structure of public education in Ohio, Buckeye Local School District has maintained financial stability through difficult times. As the preceding information shows, the District depends on its property taxpayers as well as state funding, including the tangible personal property tax reimbursements, for its revenue sources. With the passage of a 6.5 mill continuous operating levy in 2005, the District has been able to continue its education programs. However, financially the future is not without its challenges. Buckeye will continue to keep a tight watch on funds and will do so with little revenue growth from year to year. Circumstances will necessitate continuing to manage our financial resources in a prudent and conservative manner coupled with a combination of cost reductions and the possibility of additional levies to create revenue growth.

Buckeye Local School District

Ashtabula County, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited*

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

In fiscal year 2015, discussions with the Board of Education will be needed to determine how to address any projected shortfalls. The District will continue to call upon all of its financial abilities to meet the challenges the future will bring. It is imperative the District's Board and management team continue to carefully and prudently plan in order to provide the resources required to meet the student's needs over the next several years.

Contacting the District's Financial Management

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

Buckeye Local School District

Ashtabula County, Ohio

*Statement of Net Position**June 30, 2014*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Investments	\$5,813,479
Accrued Interest Receivable	3,420
Accounts Receivable	3,547
Intergovernmental Receivable	63,714
Property Taxes Receivable	6,711,124
Inventory Held for Resale	27,582
Materials and Supplies Inventory	84,151
Nondepreciable Capital Assets	402,305
Depreciable Capital Assets, Net	2,620,238
<i>Total Assets</i>	<u>15,729,560</u>
Liabilities	
Accounts Payable	3,853
Accrued Wages and Benefits Payable	1,202,284
Intergovernmental Payable	423,072
Matured Compensated Absences Payable	73,549
Claims Payable	462,377
Long-Term Liabilities:	
Due Within One Year	53,950
Due In More Than One Year	1,019,593
<i>Total Liabilities</i>	<u>3,238,678</u>
Deferred Inflows of Resources	
Property Taxes	<u>5,702,690</u>
Net Position	
Net Investment in Capital Assets	3,022,543
Restricted for:	
Capital Projects	386,934
Other Purposes	255,334
Unrestricted	3,123,381
<i>Total Net Position</i>	<u>\$6,788,192</u>

See accompanying notes to the basic financial statements

Buckeye Local School District
Ashtabula County, Ohio

Statement of Activities
For the Fiscal Year Ended June 30, 2014

	Program Revenues		Net (Expense)	
	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position	
Expenses			Governmental Activities	
Governmental Activities				
Current:				
Instruction:				
Regular	\$8,992,229	\$1,116,149	\$94,611	(\$7,781,469)
Special	2,170,616	233,160	360,283	(1,577,173)
Vocational	245,016	31,652	0	(213,364)
Adult/Continuing	30,895	0	54,932	24,037
Support Services:				
Pupils	633,315	0	12,954	(620,361)
Instructional Staff	236,439	0	62,558	(173,881)
Board of Education	38,771	0	0	(38,771)
Administration	1,361,443	0	0	(1,361,443)
Fiscal	485,520	0	0	(485,520)
Business	86,806	0	0	(86,806)
Operation and Maintenance of Plant	1,766,402	0	0	(1,766,402)
Pupil Transportation	1,202,633	0	11,491	(1,191,142)
Central	81,625	0	2,968	(78,657)
Operation of Food Services	764,043	247,885	481,942	(34,216)
Extracurricular Activities	531,479	172,015	15,628	(343,836)
Interest and Fiscal Charges	680	0	0	(680)
<i>Total Governmental Activities</i>	<u>\$18,627,912</u>	<u>\$1,800,861</u>	<u>\$1,097,367</u>	<u>(15,729,684)</u>
General Revenues				
Property Taxes Levied for:				
				5,763,997
				393,701
Grants and Entitlements not				
				9,464,214
				21,010
				69,733
				<u>15,712,655</u>
				(17,029)
				6,805,221
				<u>\$6,788,192</u>

See accompanying notes to the basic financial statements

Buckeye Local School District

Ashtabula County, Ohio

*Balance Sheet
Governmental Funds
June 30, 2014*

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Investments	\$5,224,903	588,576	5,813,479
Accrued Interest Receivable	3,420	0	3,420
Accounts Receivable	3,404	143	3,547
Interfund Receivable	23,332	0	23,332
Intergovernmental Receivable	0	63,714	63,714
Property Taxes Receivable	6,273,066	438,058	6,711,124
Inventory Held for Resale	0	27,582	27,582
Materials and Supplies Inventory	80,667	3,484	84,151
<i>Total Assets</i>	<u>\$11,608,792</u>	<u>\$1,121,557</u>	<u>\$12,730,349</u>
Liabilities			
Accounts Payable	\$3,853	\$0	\$3,853
Accrued Wages and Benefits Payable	1,149,869	52,415	1,202,284
Intergovernmental Payable	408,183	14,889	423,072
Matured Compensated Absences Payable	73,549	0	73,549
Interfund Payable	0	23,332	23,332
Claims Payable	462,377	0	462,377
<i>Total Liabilities</i>	<u>2,097,831</u>	<u>90,636</u>	<u>2,188,467</u>
Deferred Inflows of Resources			
Property Taxes	5,332,747	369,943	5,702,690
Unavailable Revenue - Property Taxes	208,858	16,254	225,112
Unavailable Revenue - Grants	0	63,714	63,714
<i>Total Deferred Inflows of Resources</i>	<u>5,541,605</u>	<u>449,911</u>	<u>5,991,516</u>
Fund Balances			
Nonspendable	80,667	3,484	84,151
Restricted	0	351,928	351,928
Committed	462,377	276,280	738,657
Assigned	87,633	0	87,633
Unassigned (Deficit)	3,338,679	(50,682)	3,287,997
<i>Total Fund Balances</i>	<u>3,969,356</u>	<u>581,010</u>	<u>4,550,366</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$11,608,792</u>	<u>\$1,121,557</u>	<u>\$12,730,349</u>

See accompanying notes to the basic financial statements

Buckeye Local School District

Ashtabula County, Ohio

*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2014*

Total Governmental Fund Balances		\$4,550,366
<i>Amounts reported for governmental activities in 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.		3,022,543
Other long-term assets are not available to pay for current- period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	225,112	
Grants	<u>63,714</u>	
Total		288,826
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated Absences		<u>(1,073,543)</u>
<i>Net Position of Governmental Activities</i>		<u><u>\$6,788,192</u></u>

See accompanying notes to the basic financial statements

Buckeye Local School District

Ashtabula County, Ohio

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

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$5,792,097	\$395,597	\$6,187,694
Tuition and Fees	1,380,961	0	1,380,961
Interest	20,307	703	21,010
Charges for Services	0	247,885	247,885
Extracurricular Activities	0	170,181	170,181
Rentals	1,834	0	1,834
Contributions and Donations	10,554	35,251	45,805
Intergovernmental	9,335,501	1,133,244	10,468,745
Miscellaneous	69,733	0	69,733
<i>Total Revenues</i>	<u>16,610,987</u>	<u>1,982,861</u>	<u>18,593,848</u>
Expenditures			
Current:			
Instruction:			
Regular	8,718,156	156,479	8,874,635
Special	1,798,989	365,022	2,164,011
Vocational	242,903	0	242,903
Adult/Continuing	1,000	29,895	30,895
Support Services:			
Pupils	620,413	8,400	628,813
Instructional Staff	179,863	56,137	236,000
Board of Education	38,771	0	38,771
Administration	1,349,905	0	1,349,905
Fiscal	456,643	24,962	481,605
Business	86,832	0	86,832
Operation and Maintenance of Plant	1,683,758	0	1,683,758
Pupil Transportation	954,793	169,383	1,124,176
Central	77,647	1,925	79,572
Operation of Food Services	0	758,555	758,555
Extracurricular Activities	344,732	176,422	521,154
Capital Outlay	161,743	319,504	481,247
Debt Service:			
Principal Retirement	0	15,820	15,820
Interest and Fiscal Charges	0	680	680
<i>Total Expenditures</i>	<u>16,716,148</u>	<u>2,083,184</u>	<u>18,799,332</u>
<i>Net Change in Fund Balances</i>	(105,161)	(100,323)	(205,484)
<i>Fund Balance Beginning of Year</i>	4,074,517	681,333	4,755,850
<i>Fund Balance End of Year</i>	<u>\$3,969,356</u>	<u>\$581,010</u>	<u>\$4,550,366</u>

See accompanying notes to the basic financial statements

Buckeye Local School District
Ashtabula County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2014*

Net Change in Fund Balances - Total Governmental Funds (\$205,484)

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

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

Capital Outlay	525,968
Current Year Depreciation	<u>(265,007)</u>

Total	260,961
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The net effect of various transactions involving capital assets
(i.e.; disposals and sales) is a decrease in net position.

Assets Disposed	(234,945)
Accumulated Depreciation on Disposals	<u>99,428</u>

Total	(135,517)
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Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds.

Property Taxes	(29,996)
Intergovernmental Grants	<u>47,031</u>

Total	17,035
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Repayment of long-term lease principal is an expenditure in the
governmental funds, but the repayment reduces the long-term
liabilities in the statement of net position.

15,820

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.

30,156

<i>Change in Net Position of Governmental Activities</i>	<u><u>(\$17,029)</u></u>
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See accompanying notes to the basic financial statements

Buckeye Local School District
Ashtabula County, Ohio

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property & Other Local Taxes	\$5,773,764	\$5,805,253	\$5,805,253	\$0
Tuition and Fees	1,295,485	1,344,294	1,344,294	0
Interest	18,081	18,762	20,307	1,545
Rentals	1,784	1,851	1,851	0
Intergovernmental	9,017,332	9,357,073	9,368,935	11,862
Miscellaneous	1,845	49,861	49,861	0
<i>Total Revenues</i>	<u>16,108,291</u>	<u>16,577,094</u>	<u>16,590,501</u>	<u>13,407</u>
Expenditures				
Current:				
Instruction:				
Regular	9,292,068	8,775,515	8,767,386	8,129
Special	1,709,364	1,723,470	1,733,249	(9,779)
Vocational	288,240	257,615	261,778	(4,163)
Adult/Continuing	1,000	1,000	1,000	0
Support Services:				
Pupils	690,682	612,156	613,558	(1,402)
Instructional Staff	240,097	172,733	173,449	(716)
Board of Education	46,044	31,582	31,559	23
Administration	1,627,858	1,404,272	1,399,228	5,044
Fiscal	548,186	461,242	465,313	(4,071)
Business	98,155	91,384	88,983	2,401
Operation and Maintenance of Plant	1,969,529	1,710,456	1,707,198	3,258
Pupil Transportation	1,032,289	950,589	954,052	(3,463)
Central	90,126	93,060	82,560	10,500
Extracurricular Activities	392,720	335,432	337,955	(2,523)
Capital Outlay	165,327	161,743	161,743	0
<i>Total Expenditures</i>	<u>18,191,685</u>	<u>16,782,249</u>	<u>16,779,011</u>	<u>3,238</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,083,394)</u>	<u>(205,155)</u>	<u>(188,510)</u>	<u>16,645</u>
Other Financing Sources (Uses)				
Advances In	0	17,352	17,352	0
Advances Out	0	(23,332)	(23,332)	0
Transfers Out	(462,377)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(462,377)</u>	<u>(5,980)</u>	<u>(5,980)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(2,545,771)	(211,135)	(194,490)	16,645
<i>Fund Balance Beginning of Year</i>	4,864,102	4,864,102	4,864,102	0
<i>Prior Year Encumbrances Appropriated</i>	241,561	241,561	241,561	0
<i>Fund Balance End of Year</i>	<u>\$2,559,892</u>	<u>\$4,894,528</u>	<u>\$4,911,173</u>	<u>\$16,645</u>

See accompanying notes to the basic financial statements

Buckeye Local School District

Ashtabula County, Ohio

Statement of Net Position

Fiduciary Funds

June 30, 2014

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Investments	\$113,244	31,588
Liabilities		
Due to Students	0	\$31,588
Net Position		
Held in Trust for Scholarships	\$113,244	

See accompanying notes to the basic financial statements

Buckeye Local School District
Ashtabula County, Ohio

Statement of Changes in Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2014

	<u>Scholarship</u>
Additions	
Interest	\$25
Contributions and Donations	<u>9,001</u>
<i>Total Additions</i>	9,026
Deductions	
Scholarships Awarded	<u>4,000</u>
<i>Change in Net Position</i>	5,026
<i>Net Position Beginning of Year</i>	<u>108,218</u>
<i>Net Position End of Year</i>	<u><u>\$113,244</u></u>

See accompanying notes to the basic financial statements

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Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 1 – Description of the School District and Reporting Entity

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

Average daily membership (ADM) as of July 1, 2014 was 1,689. The District employed 134 certified employees and 79 non-certificated employees. The District is supervised by the Ashtabula County Educational Service Center, a separate entity.

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

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

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

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

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

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

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

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

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

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

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The School District has no proprietary funds.

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

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

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

C. Measurement Focus

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

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

D. Basis of Accounting

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

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

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statement of net position and balance sheets will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, there were no deferred outflows of resources to report on the government-wide statement of net position or balance sheet.

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

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

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

E. Budget and Budgetary Accounting

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

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

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

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

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

F. Cash and Investments

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

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

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

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. For the District, all investment earnings accrue to the General Fund, the Food Service special revenue fund, the Special Trust special revenue fund, the Capital Projects Reserve capital projects fund and the Private-Purpose Trust Fund, as authorized by board resolution.

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Interest revenue credited to the general fund during fiscal year 2014 amounted to \$20,307, which includes \$1,297 assigned from other District funds.

G. Inventory

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

H. Prepaid Items

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

I. Capital Assets

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

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	20 - 50 years
Furniture	20 years
Equipment	5 - 20 years
Fixtures	15 years
Vehicles	8 - 10 years
Textbooks	5 - 10 years

J. Interfund Balances

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

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

K. Internal Activity

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

L. Compensated Absences

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

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

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund or funds from which the employees who have accumulated the leave are paid.

M. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Leases and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due.

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

N. Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the District Board of Education.

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

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

O. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other

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

governments. Net position restricted for other purposes include operation of instructional services, food service operations and extracurricular activities.

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

P. Estimates

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

Note 3 – Change in Accounting Principle

For fiscal year 2014, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 66, “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62”, Statement No. 67, “Financial Reporting for Pension Plans”, and Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees.”

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

GASB Statement No. 67 establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses/expenditures. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The implementation of GASB Statement No. 67 did not have an effect on the financial statements of the District.

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

Note 4 – Fund Deficit

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

<u>Nonmajor Governmental Funds:</u>	<u>Deficit</u>
Title I Fund	\$40,342
Improving Teacher Quality	10,340

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

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

Note 5 – Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed or assigned fund balances (GAAP basis).
4. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. *Certain funds have legally separate adopted budgets (budget basis) but are included in the General Fund (GAAP basis).

*As part of Governmental Accounting Standards Board No. 54 “Fund Balance Reporting”, certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund on a GAAP basis. This includes the uniform school supplies and public school support special revenue funds.

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

Net Change in Fund Balance	
GAAP Basis	(\$105,161)
Net Adjustment for Revenue Accruals	(31,581)
Advances In	17,352
Net Adjustment for Expenditure Accruals	177,070
Net Adjustment for Funds Budgeted as Special Revenue	11,095
Advances Out	(23,332)
Adjustment for Encumbrances	(239,933)
Budget Basis	(\$194,490)

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For the Fiscal Year Ended June 30, 2014

Note 6 – Deposits and Investments

Monies held by the School District are classified by State statute into three categories. Active deposits are public deposits determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawals on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

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

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

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Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At June 30th, the carrying amount of all School District deposits was \$5,839,071, while \$3,538,468 of the School District's bank balance of \$5,872,469 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Investments

As of June 30, 2014, the School District had STAR Ohio as the only investment with an amount of \$119,240 and an average maturity less than six months.

Interest Rate Risk The School District has no investment policy that addresses the interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

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

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

Concentration of Credit Risk The School District places no limit on the account it may invest in any one issuer. At June 30, 2014, STAR Ohio represented 100 percent of all District investments.

Reconciliation of Cash and Investment to the Statement of Net Position

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

<u>Cash and Investments per Note Disclosure</u>	
Carrying amount of deposits	\$5,839,071
Investments	119,240
Total	<u><u>\$5,958,311</u></u>

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For the Fiscal Year Ended June 30, 2014

<u>Cash and Investments per Statement of Net Position</u>	
Governmental activities	\$5,813,479
Private-purpose trust funds	113,244
Agency funds	31,588
Total	\$5,958,311

Note 7 – Fund Balances

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

Fund Balances	General	Nonmajor Governmental	Total
<i>Nonspendable</i>			
Inventory	\$80,667	\$3,484	\$84,151
<i>Restricted for</i>			
Food Service Operations	0	139,764	139,764
College Scholarships	0	9,054	9,054
Technology Improvements	0	12,560	12,560
Extracurricular Activities	0	79,652	79,652
Teacher Development	0	14,619	14,619
Capital Improvements	0	94,400	94,400
Other Purposes	0	1,879	1,879
<i>Total Restricted</i>	0	351,928	351,928
<i>Committed to</i>			
Capital Improvements	0	276,280	276,280
Tax Escrow Refunds	462,377	0	462,377
<i>Total Committed</i>	462,377	276,280	738,657
<i>Assigned to</i>			
Other Purposes	21,967	0	21,967
Encumbrances	65,666	0	65,666
<i>Total Assigned</i>	87,633	0	87,633
<i>Unassigned (Deficit)</i>	3,338,679	(50,682)	3,287,997
<i>Total Fund Balances</i>	\$3,969,356	\$581,010	\$4,550,366

Note 8 – Property Taxes

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

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For the Fiscal Year Ended June 30, 2014

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

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

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

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2014 was \$731,461 in the general fund and \$51,861 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2013, was \$744,617 in the general fund and \$53,452 in the permanent improvement capital projects fund.

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

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

	2013 Second Half Collections		2014 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$214,958,730	92.5%	\$214,957,650	92.0%
Public Utility Personal	17,529,970	7.5%	18,728,560	8.0%
	\$232,488,700	100.0%	\$233,686,210	100.0%
Tax Rate per \$1,000 of assessed valuation	\$45.31		\$45.31	

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 9 – Capital Assets

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

	Balance 6/30/2013	Additions	Deletions	Balance 6/30/2014
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$402,305	\$0	\$0	\$402,305
Capital Assets, being depreciated:				
Land Improvements	559,250	45,307	0	604,557
Buildings and Improvements	6,167,687	197,451	0	6,365,138
Furniture, Equipment and Fixtures	2,078,783	122,560	(78,954)	2,122,389
Vehicles	1,545,917	160,650	0	1,706,567
Textbooks	1,306,152	0	(155,991)	1,150,161
Total Capital Assets, being depreciated	11,657,789	525,968	(234,945)	11,948,812
Less Accumulated Depreciation:				
Land Improvements	(375,727)	(12,105)	0	(387,832)
Building and Improvements	(5,000,731)	(39,587)	0	(5,040,318)
Furniture, Equipment and Fixtures	(1,711,312)	(61,480)	73,430	(1,699,362)
Vehicles	(970,539)	(125,567)	0	(1,096,106)
Textbooks	(1,104,686)	(26,268)	25,998	(1,104,956)
Total Accumulated Depreciation	(9,162,995)	(265,007)	99,428	(9,328,574)
Total Capital Assets being depreciated, net	2,494,794	260,961	(135,517)	2,620,238
Governmental Activities Capital Assets, Net	\$2,897,099	\$260,961	(\$135,517)	\$3,022,543

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$62,908
Vocational	75
Support Services:	
Instructional Staff	706
Administration	1,156
Operation and Maintenance of Plant	71,638
Pupil Transportation	116,518
Central	2,053
Operation of Food Services	4,043
Extracurricular Activities	5,910
Total Depreciation Expense	\$265,007

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 10 – Receivables

Receivables at June 30, 2014 consisted of accrued interest, accounts, taxes and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of Federal funds.

A summary of the principal items of intergovernmental receivables follows:

Non-major Governmental Funds:	
Miscellaneous State Grant	\$12,302
Title I Grant	38,289
Improving Teacher Quality Grant	13,123
Total Intergovernmental Receivable	\$63,714

Note 11 – Interfund Receivable/Payable

The interfund receivable/payable consisted of the following at June 30, 2014, as reported on the fund financial statements:

	Interfund Receivable	Interfund Payable
Major Governmental Fund:		
General	\$23,332	\$0
Non-major Governmental Funds:		
Miscellaneous State Grants	0	4,362
Title I	0	17,305
Improving Teacher Quality	0	1,665
Total	\$23,332	\$23,332

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

Note 12 – Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (11 and 12 month) are eligible for vacation time. The number of days granted are determined by an employees' length of service with the District.

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

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

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

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

Note 13 – Pension Plans

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (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 can be obtained on SERS' website at www.ohsers.org, under *Employers/Audit Resources*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$258,931, \$281,379 and \$268,427, respectively; 37 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System of Ohio

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

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Plan Options – New members have a choice of three retirement plans. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members transfer to the DB Plan during their fifth year of membership. Eligible members who do not make a choice during the reselection period will permanently remain in their current plan.

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

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

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

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

A retiree of STRS Ohio or other Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the

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original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

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

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

A Defined Benefit or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013 until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salary. The District was required to contribute 14 percent, 13 percent was the portion used to fund pension obligations.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$968,237, \$932,117 and \$931,407, respectively; 84 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$19,362 made by the School District and \$15,213 made by the plan members.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2014 *Comprehensive Annual Financial Report* are available sometime after December 31, 2014.

Additional information or copies of STRS Ohio's 2014 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling toll free 1-888-227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

Note 14 – Postemployment Benefits

A. School Employees Retirement System

Plan Description – In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan – The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

\$104.90 for most participants, but could be as high \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation is 0.76 percent. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$15,022, \$15,895 and \$15,852, respectively, which equaled the required contributions each year.

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

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

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is 0.14 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,250. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2014, 2013, and 2012 were \$17,789, \$19,331 and \$56,262, respectively; 37 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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

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

B. State Teachers Retirement System of Ohio

Plan Description - STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issued as stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting www.strsoh.org or by requesting a copy by calling toll free (888) 227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2014, 2013 and 2012. The 14 percent employer contribution rate is the maximum rate established under Ohio law.

The District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$74,480, \$71,701 and \$71,647, respectively; 84 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

Note 15 – Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The School District has addressed these various types of risk by purchasing a comprehensive insurance policy through various commercial carriers.

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

The School District maintains fleet insurance in the amount of \$5,000,000 for any one accident or loss and \$5,000,000 in the aggregate and an additional \$1,000,000 in uninsured motorists' coverage. The School District maintains replacement cost insurance on buildings and contents in the amount of \$71,250,743.

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

B. Employee Medical Benefits

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

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

C. Workers' Compensation

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

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

Note 16 – Millennium Inorganic Corporation Tax Refund Escrow Fund

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

Note 17 – Long-Term Obligations

A summary of changes in long-term obligations for the year ended June 30, 2014, are as follows:

	Outstanding 6/30/2013	Additions	Reductions	Outstanding 6/30/2014	Amounts Due in One Year
Governmental Activities					
Capital Leases	\$15,820	\$0	(\$15,820)	\$0	\$0
Compensated Absences	1,103,699	18,144	(48,300)	1,073,543	53,950
Total Long-Term Liabilities	<u>\$1,119,519</u>	<u>\$18,144</u>	<u>(\$64,120)</u>	<u>\$1,073,543</u>	<u>\$53,950</u>

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

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

The School District's overall legal debt margin was \$21,031,759 with an unvoted debt margin of \$233,686 at June 30, 2014.

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 18 – Jointly Governed Organizations and Related Organizations

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

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten voting members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County school districts, and one treasurer from each of the aforementioned counties (non-voting members who must be employed by a participating school district, the fiscal agent, or NEOMIN). The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A copy of NEOMIN's financial statements may be obtained from the Trumbull County Education Service Center, 6000 Youngstown-Warren Road, Niles, Ohio 44446.

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

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

House Bill 115 (HB 115) establishes the Educational Regional Service System (ERSS) and requires the creation of a coordinated, integrated and aligned system to support state and school districts efforts to improve school effectiveness and student achievement. It is the intent of the general assembly that the educational regional service system would reduce the unnecessary duplication of programs and services and provide for a more streamlined and efficient delivery of education services without reducing the availability of the services needed by school districts and schools. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, 100 DeBartolo Place, Suite 220, Youngstown, Ohio 44512.

Buckeye Local School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Ashtabula County Joint Vocational School District The Ashtabula County Joint Vocational School District (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The JVS is operated under the direction of a Board consisting of one representative from each of the participating School Districts' elected boards. The degree of control exercised by the School District is limited to its representation on the Board. The Board is its own budgeting and taxing authority. The School District did not make any contributions in fiscal year 2014. Financial information can be obtained from MaryAnn Wayman, Treasurer at Ashtabula County Joint Vocational School District, 1565 State Route 167, Jefferson, Ohio 44047.

Note 19 – Contingencies

A. Grants

The District 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 not party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2014.

Note 20 – Set Asides

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

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

	<u>Capital Improvements</u>
Set-Aside Restricted Balance as of June 30, 2013	\$0
Current Year Set-Aside Requirement	307,567
Qualifying Disbursements	(514,853)
Current Year Offsets	<u>0</u>
Total	<u><u>(\$207,286)</u></u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>
Cash balance as of June 30, 2014	<u><u>\$0</u></u>

Buckeye Local School District

Ashtabula County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

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

Note 21 – Capital Leases

In a prior fiscal year, the School District entered into a lease agreement for the purchase of school busses. This lease obligation meets the criteria of a capital lease as defined by Financial Accounting Standards Board Statement Number 13, "Accounting for Leases," and has been recorded on the government-wide statements. These vehicles have been capitalized in the amount of \$284,372, the present value of the minimum lease payments at the inception of the leases.

The assets acquired through the capital leases are as follows:

<i>Asset:</i>	<u>Governmental Activities</u>
Vehicles	\$284,372
Less: Accumulated Depreciation	<u>(140,869)</u>
Total Book Value as of June 30, 2014	<u><u>\$143,503</u></u>

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

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**BUCKEYE LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY
FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Expenditures</u>	<u>Non-Cash Expenditures</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through The Ohio Department of Education:</i>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	2014	10.553	\$87,470	\$0	\$87,470	\$0
National School Lunch Program	2014	10.555	336,534	57,938	336,534	57,938
Total -- Nutrition Cluster			424,004	57,938	424,004	57,938
Total U.S. Department of Agriculture			424,004	57,938	424,004	57,938
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through The Ohio Department of Education:</i>						
<i>Grants to Local Educational Agencies</i>						
Title I School Subsidy	C1-S1-2013	84.010	43,782		33,390	
	C1-S1-2014		390,809		387,218	
Subtotal -- Title I Cluster			434,591		420,608	
Title II, Part A -- Improving Teacher Quality	TR-S1-2013	84.367	2,896		-	
	TR-S1-2014		82,433		80,802	
Subtotal - Title II Part A			85,329		80,802	
Total -- U.S. Department of Education			519,920		501,410	
Totals			\$943,924	\$57,938	\$925,414	\$57,938

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

**BUCKEYE LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the School District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - NATIONAL SCHOOL LUNCH AND BREAKFAST PROGRAMS

Federal monies received by the District for these programs are comingled with State grants and local revenues. It is assumed that federal monies are expected first.

NOTE C – FOOD DONATION PROGRAM

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

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require that the School District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



Dave Yost • Auditor of State

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

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

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 Local School District, Ashtabula County, (the School District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 5, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School 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 School District's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

As part of reasonably assuring whether the School 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 School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

February 5, 2015



Dave Yost • Auditor of State

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

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

To The Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Buckeye Local School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Buckeye Local School District's major federal program for the year ended June 30, 2014. The *Summary of Audit Results* in the accompanying schedule of findings identifies the School District's major federal program.

Management's Responsibility

The School 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 School District compliance for the School District's major federal program 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 School 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 School District's major program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on the Major Federal Program

In our opinion, the Buckeye Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The School 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 School 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 School District's internal control over compliance.

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

February 5, 2015

**BUCKEYE LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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BUCKEYE LOCAL SCHOOL DISTRICT

ASHTABULA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 19, 2015**