

Dave Yost • Auditor of State

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about the 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 considered internal control relevant to the District's preparation and fair presentation of the financial statements in order to design appropriate audit procedures, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such 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 opinions.

Opinion

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Schedule of Federal Award Receipts and Expenditures 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 the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2015 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

March 18, 2015

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

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

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

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

- In total, net position of governmental activities increased \$2,483,621, which represents a 14.50% increase from fiscal year 2013.
- General revenues accounted for \$24,488,827 in revenue or 88.58% of total revenues. Program specific revenues in the form of charges for services and sales, and operating grants and contributions accounted for \$3,158,261 in revenue or 11.42% of total revenues of \$27,647,088.
- The District had \$25,163,467 in expenses related to governmental activities; \$3,158,261 of these expenses were offset by program specific charges for services and sales, and operating grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$24,488,827 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and the debt service fund. The general fund had \$23,394,128 in revenues and other financing sources and \$21,323,273 in expenditures. During fiscal year 2014, the general fund's fund balance increased \$2,070,855 from \$6,137,615 to \$8,208,470.
- The debt service fund had \$2,298,805 in revenues and \$2,102,769 in expenditures. During fiscal year 2014, the debt service fund's fund balance increased \$196,036 from \$1,172,066 to \$1,368,102.

Using the Basic Financial Statements (BFS)

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

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

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE 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 the District do financially during fiscal year 2014?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

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

Reporting the District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-55 of this report.

The District as a Whole

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

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

	Net Position	
	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
<u>Assets</u>		
Current and other assets	\$ 23,357,328	\$ 22,479,124
Capital assets, net	<u>30,370,658</u>	<u>29,741,426</u>
Total assets	<u>53,727,986</u>	<u>52,220,550</u>
<u>Deferred outflows of resources</u>	<u>260,516</u>	<u>264,697</u>
<u>Liabilities</u>		
Current liabilities	2,380,692	2,317,792
Long-term liabilities	<u>23,195,570</u>	<u>23,838,982</u>
Total liabilities	<u>25,576,262</u>	<u>26,156,774</u>
<u>Deferred inflows of resources</u>	<u>8,800,212</u>	<u>9,200,066</u>
<u>Net position</u>		
Net investment in capital assets	10,066,636	8,913,876
Restricted	987,773	1,531,703
Unrestricted	<u>8,557,619</u>	<u>6,682,828</u>
Total net position	<u>\$ 19,612,028</u>	<u>\$ 17,128,407</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$19,612,028.

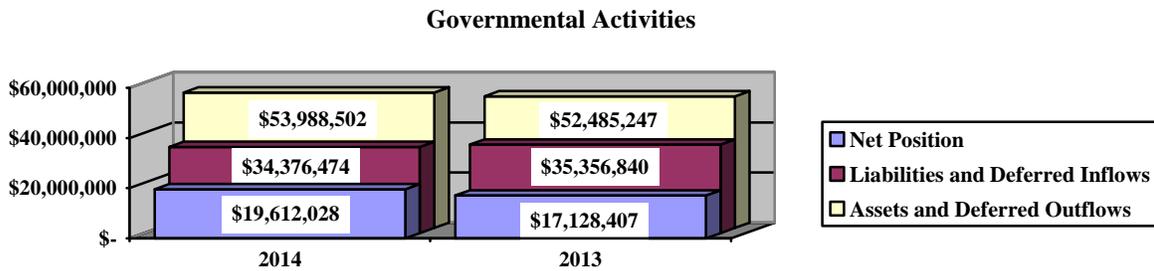
**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

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

At fiscal year end, capital assets represented 56.53% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles, and infrastructure. The net investment in capital assets at June 30, 2014 was \$10,066,636. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$987,773, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$8,557,619 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below illustrates the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2014 and June 30, 2013.



The table below shows the changes in net position for governmental activities for fiscal years 2014 and 2013.

Change in Net Position

	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,824,428	\$ 1,883,870
Operating grants and contributions	1,333,833	1,347,080
General revenues:		
Property taxes	12,277,540	12,401,938
Income taxes	5,627,131	5,356,089
Grants and entitlements	6,227,716	6,264,787
Investment earnings	13,243	12,784
Miscellaneous	343,197	94,725
Total revenues	<u>27,647,088</u>	<u>27,361,273</u>

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

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

Change in Net Position

	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 11,535,031	\$ 11,688,486
Special	2,325,735	1,723,951
Vocational	246,109	245,185
Other	10,026	5,865
Support services:		
Pupil	1,125,137	2,379,876
Instructional staff	398,936	392,856
Board of education	171,091	201,377
Administration	1,909,879	1,822,235
Fiscal	600,534	640,909
Operations and maintenance	2,086,224	2,222,573
Pupil transportation	2,016,407	1,743,274
Central	127,832	29,287
Operation of non-instructional services:		
Food service operations	779,869	786,359
Other non-instructional services	30,716	28,037
Extracurricular activities	679,788	536,882
Interest and fiscal charges	<u>1,120,153</u>	<u>1,125,012</u>
Total expenses	<u>25,163,467</u>	<u>25,572,164</u>
Change in net position	2,483,621	1,789,109
Net position at beginning of year	<u>17,128,407</u>	<u>15,339,298</u>
Net position at end of year	<u>\$ 19,612,028</u>	<u>\$ 17,128,407</u>

Governmental Activities

Net position of the District's governmental activities increased \$2,483,621. Total governmental expenses of \$25,163,467 were offset by program revenues of \$3,158,261 and general revenues of \$24,488,827. Program revenues supported 12.55% of the total governmental expenses.

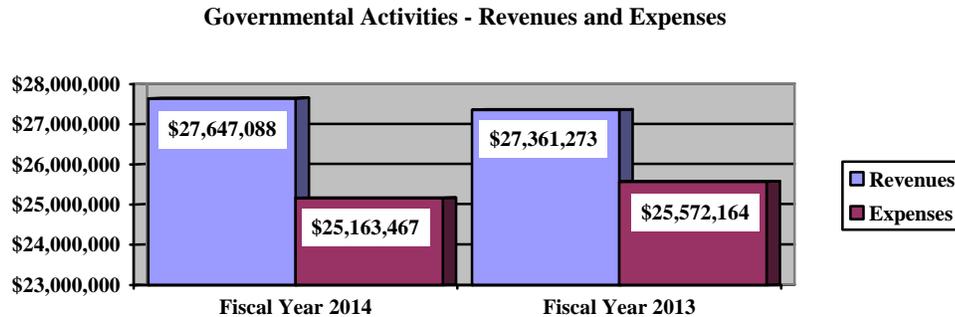
The primary sources of revenue for governmental activities are derived from property taxes, income taxes, and grants and entitlements. These revenue sources account for 87.29% of the total governmental revenues. Miscellaneous revenue increased mainly due to an increase in other local revenues from Delaware City School District and Delaware County reported in the general fund.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$14,116,901 or 56.10% of the total governmental expenses for fiscal year 2014. The decrease in pupil expenses, and subsequent increases in special, central, and extracurricular activities expenses, is primarily due to a change in the coding of expenses for services provided to the District by the Educational Service Center of Central Ohio.

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

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

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



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2014 and 2013. That is, it identifies the cost of these services supported by tax revenues, unrestricted State grants and entitlements, and other general revenues of the District.

Governmental Activities

	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>	Total Cost of Services <u>2013</u>	Net Cost of Services <u>2013</u>
Program expenses				
Instruction:				
Regular	\$ 11,535,031	\$ 10,715,187	\$ 11,688,486	\$ 10,872,690
Special	2,325,735	1,663,042	1,723,951	1,357,623
Vocational	246,109	105,340	245,185	82,975
Other	10,026	10,026	5,865	5,865
Support services:				
Pupil	1,125,137	854,354	2,379,876	1,858,256
Instructional staff	398,936	308,812	392,856	280,987
Board of education	171,091	171,091	201,377	201,377
Administration	1,909,879	1,893,441	1,822,235	1,799,182
Fiscal	600,534	600,534	640,909	640,792
Operations and maintenance	2,086,224	2,086,224	2,222,573	2,214,323
Pupil transportation	2,016,407	1,988,898	1,743,274	1,687,226
Central	127,832	127,832	29,287	29,287
Operation of non-instructional services:				
Food service operations	779,869	(22,388)	786,359	(23,780)
Other non-instructional services	30,716	22,693	28,037	18,630
Extracurricular activities	679,788	359,967	536,882	190,769
Interest and fiscal charges	<u>1,120,153</u>	<u>1,120,153</u>	<u>1,125,012</u>	<u>1,125,012</u>
Total	<u>\$ 25,163,467</u>	<u>\$ 22,005,206</u>	<u>\$ 25,572,164</u>	<u>\$ 22,341,214</u>

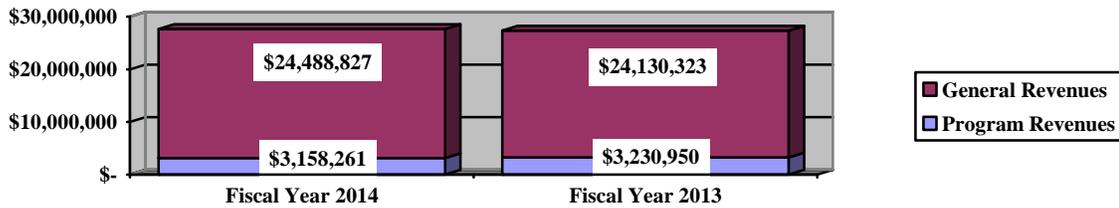
**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

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

The dependence upon taxes and other general revenues for governmental activities is apparent, as 88.50% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 87.45%. The District's taxpayers and grants and entitlements from the State of Ohio, as a whole, are by far the primary support for the District's students.

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

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$11,054,811, which is more than last year's total balance of \$9,745,141. The table below indicates the fund balance and the total change in fund balance as of June 30, 2014 and June 30, 2013.

	Fund Balance <u>June 30, 2014</u>	Fund Balance <u>June 30, 2013</u>	<u>Change</u>	Percentage <u>Change</u>
General fund	\$ 8,208,470	\$ 6,137,615	\$ 2,070,855	33.74 %
Debt service fund	1,368,102	1,172,066	196,036	16.73 %
Nonmajor governmental funds	<u>1,478,239</u>	<u>2,435,460</u>	<u>(957,221)</u>	(39.30) %
Total	<u>\$ 11,054,811</u>	<u>\$ 9,745,141</u>	<u>\$ 1,309,670</u>	13.44 %

General Fund

During fiscal year 2014, the District's general fund balance increased \$2,070,855.

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

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

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

	2014 <u>Amount</u>	2013 <u>Amount</u>	Increase/ (Decrease)	Percentage <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 15,260,719	\$ 15,079,605	\$ 181,114	1.20 %
Tuition	800,339	796,218	4,121	0.52 %
Earnings on investments	11,029	9,591	1,438	14.99 %
Intergovernmental	6,162,811	5,897,852	264,959	4.49 %
Other revenues	<u>546,968</u>	<u>344,349</u>	<u>202,619</u>	58.84 %
Total	<u>\$ 22,781,866</u>	<u>\$ 22,127,615</u>	<u>\$ 654,251</u>	2.96 %
<u>Expenditures</u>				
Instruction	\$ 12,559,808	\$ 11,946,328	\$ 613,480	5.14 %
Support services	7,651,710	8,462,443	(810,733)	(9.58) %
Operation of non-instructional	9,781	11,810	(2,029)	(17.18) %
Extracurricular activities	408,666	263,388	145,278	55.16 %
Capital outlay	612,262	-	612,262	100.00 %
Debt service	<u>81,046</u>	<u>766</u>	<u>80,280</u>	10,480.42 %
Total	<u>\$ 21,323,273</u>	<u>\$ 20,684,735</u>	<u>\$ 638,538</u>	3.09 %

Overall revenues of the general fund increased \$654,251 or 2.96%. Taxes increased \$181,114 or 1.20% primarily due to a modest increase in income tax revenue reported by the District. Intergovernmental revenue increased \$264,959 or 4.49%, which was partially due to an increase in Medicaid reimbursements received during fiscal year 2014. Other revenues increased \$202,619 or 58.84% mainly due to an increase in other local revenues received from Delaware City School District and Delaware County. All other revenue classifications remained comparable to the prior fiscal year.

Overall expenditures of the general fund increased \$638,538 or 3.09%. Support services expenditures decreased \$810,733 or 9.58%, which was partially offset by increases in instruction expenditures of \$613,480 or 5.14% and extracurricular activities expenditures of \$145,278 or 55.16%. Capital outlay and debt service expenditures both increased due to the inception of a new capital lease during fiscal year 2014. All other expenditure classifications remained comparable to the prior fiscal year.

Debt Service Fund

The debt service fund had \$2,298,805 in revenues and \$2,102,769 in expenditures. During fiscal year 2014, the debt service fund's fund balance increased \$196,036 from \$1,172,066 to \$1,368,102.

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

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

General Fund Budgeting Highlights

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

For the general fund, final budgeted revenues and other financing sources of \$21,172,441 matched exactly to the original budgeted amounts. Actual revenues and other financing sources of \$22,181,829 were \$1,009,388 more than final budgeted amounts.

General fund actual expenditures and other financing uses of \$20,945,454 were \$1,194,328 less than the final appropriations (appropriated expenditures plus other financing uses) of \$22,141,713. The final budgeted expenditures and other financing uses were \$2,951,800 more than the original budgeted expenditures and other financing uses of \$19,187,982. This increase from the original budget to the final budget is primarily due to the implementation of a more conservative budgetary approach by the end of fiscal year 2014.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the District had \$30,370,658 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles, and infrastructure. This entire amount is reported in governmental activities. The table that follows shows June 30, 2014 balances compared to June 30, 2013.

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

	Governmental Activities	
	2014	2013
Land	\$ 498,673	\$ 498,673
Land improvements	1,503,820	1,023,006
Buildings and improvements	25,998,120	26,439,799
Furniture and equipment	1,289,265	653,998
Vehicles	1,003,915	1,046,351
Infrastructure	76,865	79,599
Total	\$ 30,370,658	\$ 29,741,426

The increase in capital assets of \$629,232 is attributable to capital outlays of \$1,470,937 exceeding depreciation expense of \$841,705 during fiscal year 2014.

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

Debt Administration

At June 30, 2014, the District had \$21,023,678 in general obligation bonds and capital lease obligations outstanding. The general obligation bonds are comprised of current issue bonds, capital appreciation bonds, and accreted interest on capital appreciation bonds. Of the total amount outstanding, \$1,470,785 is due within one year and \$19,552,893 is due in more than one year.

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

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

The table that follows summarizes the outstanding debt at June 30, 2014 and June 30, 2013.

Outstanding Debt, at Year End

	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
Series 1995 general obligation bonds	\$ 1,510,000	\$ 2,195,000
Series 2004 refunding bonds - current interest	3,845,008	3,910,008
Series 2004 refunding bonds - capital appreciation	204,992	204,992
Series 2004 refunding bonds - accreted interest	562,499	463,865
Series 2009 school facilities bonds - current interest	13,300,000	13,730,000
Series 2009 school facilities bonds - capital appreciation	419,994	419,994
Series 2009 school facilities bonds - accreted interest	505,219	372,928
Capital lease obligations	<u>675,966</u>	<u>249,581</u>
Total	<u>\$ 21,023,678</u>	<u>\$ 21,546,368</u>

At June 30, 2014, the District's overall legal debt margin was \$28,428,606 with an unvoted debt margin of \$514,894.

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

Current Financial Related Activities

The District completed a bus loop renovation project at the high school that was started in the spring of 2013. The bus loop was open for improved transportation in the fall of 2013.

Buckeye Valley North Elementary School was closed for the 2012-2013 and 2013-2014 school years, and remains closed for the 2014-2015 school year. In the fall of 2014, the Board of Education placed a bond levy on the ballot to renovate and re-open Buckeye Valley North Elementary School, but the issue was defeated. The District's management retains the possibility of re-opening this elementary school once funding becomes available.

Contacting the District's Financial Management

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

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

**STATEMENT OF NET POSITION
JUNE 30, 2014**

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 8,139,476
Receivables:	
Property taxes	12,209,133
Income taxes.	2,570,364
Accounts.	87,027
Accrued interest	2,077
Intergovernmental	337,893
Prepayments	3,075
Materials and supplies inventory.	6,288
Inventory held for resale	1,995
Capital assets:	
Nondepreciable capital assets	498,673
Depreciable capital assets, net.	29,871,985
Capital assets, net	<u>30,370,658</u>
Total assets.	<u>53,727,986</u>
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	260,516
Total deferred outflows of resources	<u>260,516</u>
Liabilities:	
Accounts payable.	24,540
Accrued wages and benefits payable	1,787,587
Pension obligation payable.	348,171
Intergovernmental payable	154,558
Accrued interest payable	65,836
Long-term liabilities:	
Due within one year.	1,700,224
Due in more than one year.	21,495,346
Total liabilities	<u>25,576,262</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	8,800,212
Total deferred inflows of resources	<u>8,800,212</u>
Net position:	
Net investment in capital assets	10,066,636
Restricted for:	
Capital projects	261,866
Debt service.	303,702
Locally funded programs	3,332
State funded programs.	8,501
Federally funded programs	21,042
Student activities	65,604
Other purposes	323,726
Unrestricted	8,557,619
Total net position.	<u>\$ 19,612,028</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:				
Instruction:				
Regular	\$ 11,535,031	\$ 780,497	\$ 39,347	\$ (10,715,187)
Special	2,325,735	44,999	617,694	(1,663,042)
Vocational	246,109	138,458	2,311	(105,340)
Other	10,026	-	-	(10,026)
Support services:				
Pupil	1,125,137	59,777	211,006	(854,354)
Instructional staff	398,936	3,051	87,073	(308,812)
Board of education	171,091	-	-	(171,091)
Administration	1,909,879	2,677	13,761	(1,893,441)
Fiscal	600,534	-	-	(600,534)
Operations and maintenance	2,086,224	-	-	(2,086,224)
Pupil transportation	2,016,407	3,820	23,689	(1,988,898)
Central	127,832	-	-	(127,832)
Operation of non-instructional services:				
Food service operations	779,869	478,947	323,310	22,388
Other non-instructional services	30,716	8,023	-	(22,693)
Extracurricular activities	679,788	304,179	15,642	(359,967)
Interest and fiscal charges	1,120,153	-	-	(1,120,153)
Total governmental activities	\$ 25,163,467	\$ 1,824,428	\$ 1,333,833	(22,005,206)
 General revenues:				
Property taxes levied for:				
General purposes				9,597,333
Debt service				1,983,581
Capital outlay				696,626
Income taxes levied for:				
General purposes				5,627,131
Grants and entitlements not restricted to specific programs				6,227,716
Investment earnings				13,243
Miscellaneous				343,197
Total general revenues				24,488,827
Change in net position				2,483,621
Net position at beginning of year				17,128,407
Net position at end of year				\$ 19,612,028

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 5,859,613	\$ 877,584	\$ 1,402,279	\$ 8,139,476
Receivables:				
Property taxes	9,529,644	1,986,518	692,971	12,209,133
Income taxes	2,570,364	-	-	2,570,364
Accounts	86,982	-	45	87,027
Accrued interest	2,077	-	-	2,077
Interfund loans	10,388	-	-	10,388
Intergovernmental	146,837	-	191,056	337,893
Due from other funds	117,863	-	-	117,863
Prepayments	3,075	-	-	3,075
Materials and supplies inventory	6,288	-	-	6,288
Inventory held for resale	-	-	1,995	1,995
Total assets	<u>\$ 18,333,131</u>	<u>\$ 2,864,102</u>	<u>\$ 2,288,346</u>	<u>\$ 23,485,579</u>
Liabilities:				
Accounts payable	\$ 20,054	\$ -	\$ 4,486	\$ 24,540
Accrued wages and benefits payable	1,730,066	-	57,521	1,787,587
Pension obligation payable	336,311	-	11,860	348,171
Compensated absences payable	129,069	-	-	129,069
Interfund loans payable	-	-	10,388	10,388
Intergovernmental payable	138,991	-	15,567	154,558
Due to other funds	-	-	117,863	117,863
Total liabilities	<u>2,354,491</u>	<u>-</u>	<u>217,685</u>	<u>2,572,176</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	6,875,628	1,426,846	497,738	8,800,212
Delinquent property tax revenue not available	327,540	69,154	24,123	420,817
Income tax revenue not available	389,346	-	-	389,346
Classroom materials and fees revenue not available .	35,312	-	-	35,312
Intergovernmental revenue not available	142,344	-	70,561	212,905
Total deferred inflows of resources	<u>7,770,170</u>	<u>1,496,000</u>	<u>592,422</u>	<u>9,858,592</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	6,288	-	1,995	8,283
Prepays	3,075	-	-	3,075
Restricted:				
Debt service	-	1,368,102	-	1,368,102
Capital improvements	-	-	261,866	261,866
Food service operations	-	-	190,436	190,436
Extracurricular	-	-	65,604	65,604
Other purposes	-	-	171,057	171,057
Committed:				
Capital improvements	-	-	829,914	829,914
Student and staff support	3,999	-	-	3,999
Assigned:				
Student instruction	71,151	-	-	71,151
Student and staff support	309,251	-	-	309,251
Extracurricular	9,692	-	-	9,692
Subsequent year's appropriations	2,143,592	-	-	2,143,592
School supplies	52,749	-	-	52,749
Other purposes	14,438	-	-	14,438
Unassigned (deficit)	5,594,235	-	(42,633)	5,551,602
Total fund balances	<u>8,208,470</u>	<u>1,368,102</u>	<u>1,478,239</u>	<u>11,054,811</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,333,131</u>	<u>\$ 2,864,102</u>	<u>\$ 2,288,346</u>	<u>\$ 23,485,579</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Total governmental fund balances		\$	11,054,811
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			30,370,658
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.			
Property taxes receivable	\$	420,817	
Income taxes receivable		389,346	
Accounts receivable		35,312	
Intergovernmental receivable		212,905	
Total		1,058,380	1,058,380
Unamortized premiums on bonds issued are not recognized in the funds.			(734,970)
Unamortized deferred amounts on debt refundings are not recognized in the funds.			260,516
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(65,836)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds payable		(20,347,712)	
Capital lease obligations payable		(675,966)	
Compensated absences payable		(1,307,853)	
Total		(22,331,531)	(22,331,531)
Net position of governmental activities		\$	19,612,028

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 9,654,906	\$ 1,993,065	\$ 700,876	\$ 12,348,847
Income taxes	5,605,813	-	-	5,605,813
Tuition	800,339	-	-	800,339
Earnings on investments	11,029	915	1,513	13,457
Charges for services	-	-	478,947	478,947
Extracurricular	133,872	-	173,943	307,815
Classroom materials and fees	102,999	-	128,958	231,957
Rental income	-	-	9,500	9,500
Contributions and donations	6,408	-	14,212	20,620
Contract services	1,800	-	-	1,800
Other local revenues	301,889	25,967	14,326	342,182
Intergovernmental - state	6,002,755	278,858	113,372	6,394,985
Intergovernmental - federal	160,056	-	986,053	1,146,109
Total revenues	22,781,866	2,298,805	2,621,700	27,702,371
Expenditures:				
Current:				
Instruction:				
Regular	10,484,165	-	736,696	11,220,861
Special	1,951,320	-	364,401	2,315,721
Vocational	114,297	-	132,007	246,304
Other	10,026	-	-	10,026
Support services:				
Pupil	902,377	-	209,082	1,111,459
Instructional staff	271,340	-	98,713	370,053
Board of education	170,600	-	-	170,600
Administration	1,933,587	-	16,405	1,949,992
Fiscal	554,585	32,195	11,577	598,357
Operations and maintenance	2,083,485	-	54,259	2,137,744
Pupil transportation	1,607,593	-	191,446	1,799,039
Central	128,143	-	-	128,143
Operation of non-instructional services:				
Food service operations	-	-	767,428	767,428
Other non-instructional services	9,781	-	7,972	17,753
Extracurricular activities	408,666	-	184,827	593,493
Facilities acquisition and construction	-	-	674,430	674,430
Capital outlay	612,262	-	-	612,262
Debt service:				
Principal retirement	62,688	1,180,000	123,189	1,365,877
Interest and fiscal charges	18,358	890,574	6,489	915,421
Total expenditures	21,323,273	2,102,769	3,578,921	27,004,963
Excess (deficiency) of revenues over (under) expenditures	1,458,593	196,036	(957,221)	697,408
Other financing sources:				
Capital lease transaction	612,262	-	-	612,262
Total other financing sources	612,262	-	-	612,262
Net change in fund balances	2,070,855	196,036	(957,221)	1,309,670
Fund balances at beginning of year	6,137,615	1,172,066	2,435,460	9,745,141
Fund balances at end of year	\$ 8,208,470	\$ 1,368,102	\$ 1,478,239	\$ 11,054,811

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Net change in fund balances - total governmental funds \$ 1,309,670

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 costs of those assets are allocated over their estimated useful lives as depreciation expense.

Capital asset additions	\$	1,470,937	
Current year depreciation		(841,705)	
Total		629,232	629,232

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

Property taxes		(71,307)	
Income taxes		21,318	
Classroom materials and fees		(6,281)	
Intergovernmental		15,618	
Total		(40,652)	(40,652)

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

Bonds		1,180,000	
Capital leases		185,877	
Total		1,365,877	1,365,877

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

(612,262)

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

Decrease in accrued interest payable		7,362	
Accreted interest on capital appreciation bonds		(230,925)	
Amortization of bond premiums		23,012	
Amortization of deferred charges		(4,181)	
Total		(204,732)	(204,732)

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.

36,488

Change in net position of governmental activities **\$ 2,483,621**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 9,226,940	\$ 9,226,940	\$ 9,258,725	\$ 31,785
Income taxes	5,192,360	5,192,360	5,529,757	337,397
Tuition	462,983	462,983	458,028	(4,955)
Earnings on investments	9,242	9,242	10,460	1,218
Extracurricular	147,134	147,134	130,236	(16,898)
Classroom materials and fees	49,023	49,023	57,521	8,498
Rental income	8,250	8,250	-	(8,250)
Contributions and donations	578	578	600	22
Contract services	1,467	1,467	1,800	333
Other local revenues	48,535	48,535	275,687	227,152
Intergovernmental - state	5,972,663	5,972,663	6,002,755	30,092
Intergovernmental - federal	32,718	32,718	156,003	123,285
Total revenues	<u>21,151,893</u>	<u>21,151,893</u>	<u>21,881,572</u>	<u>729,679</u>
Expenditures:				
Current:				
Instruction:				
Regular	10,349,578	11,167,309	10,354,294	813,015
Special	1,490,113	2,040,113	1,985,505	54,608
Vocational	102,087	137,087	114,554	22,533
Other	5,865	5,865	10,790	(4,925)
Support services:				
Pupil	902,576	1,787,576	969,858	817,718
Instructional staff	288,058	288,058	270,078	17,980
Board of education	199,195	224,195	195,102	29,093
Administration	1,850,959	1,953,547	1,951,610	1,937
Fiscal	400,556	565,556	575,143	(9,587)
Operations and maintenance	2,158,014	2,236,426	2,246,781	(10,355)
Pupil transportation	1,001,453	1,021,453	1,698,798	(677,345)
Central	30,259	155,259	148,018	7,241
Operation of non-instructional services:				
Other non-instructional services	218	218	197	21
Extracurricular activities	267,451	417,451	407,754	9,697
Total expenditures	<u>19,046,382</u>	<u>22,000,113</u>	<u>20,928,482</u>	<u>1,071,631</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,105,511</u>	<u>(848,220)</u>	<u>953,090</u>	<u>1,801,310</u>
Other financing sources (uses):				
Refund of prior year's expenditures	11,810	11,810	300,257	288,447
Transfers (out)	(141,600)	(141,600)	(16,972)	124,628
Advances in	8,738	8,738	-	(8,738)
Total other financing sources (uses)	<u>(121,052)</u>	<u>(121,052)</u>	<u>283,285</u>	<u>404,337</u>
Net change in fund balance	1,984,459	(969,272)	1,236,375	2,205,647
Fund balance at beginning of year	3,935,369	3,935,369	3,935,369	-
Prior year encumbrances appropriated	244,171	244,171	244,171	-
Fund balance at end of year	<u>\$ 6,163,999</u>	<u>\$ 3,210,268</u>	<u>\$ 5,415,915</u>	<u>\$ 2,205,647</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014**

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents . . .	\$ 47,748	\$ 72,536
Total assets.	47,748	\$ 72,536
Liabilities:		
Due to students.	-	\$ 48,603
Undistributed monies	-	23,933
Total liabilities	-	\$ 72,536
Net position:		
Endowments	25,000	
Held in trust for scholarships	22,748	
Total net position.	\$ 47,748	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 55
Change in net position	55
Net position at beginning of year.	47,693
Net position at end of year	\$ 47,748

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

NOTE 1 - DESCRIPTION OF THE DISTRICT

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

The District was established in 1961. The District serves an area of approximately 196 square miles, and is located in Delaware, Marion, Morrow, and Union Counties. The District is staffed by 78 classified employees, 147 certified teaching personnel, and 12 administrative employees who provide services to 2,274 students and other community members. The District currently operates two elementary schools, a junior high school, a high school, an administration building, and a bus garage.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Tri-Rivers Educational Computer Association

The District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of school districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The Governing Board of TRECA consists of one representative from each county elected by majority vote of all charter member districts within each county, one representative from the city school districts, and the Superintendent from Tri-Rivers Joint Vocational School. During fiscal year 2014, the District paid \$46,542 to TRECA for various services. Financial information can be obtained from the Tri-Rivers Educational Computer Association, 100 Executive Drive, Marion, Ohio 43302.

Delaware Area Career Center

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

Metropolitan Educational Council

The Metropolitan Educational Council (MEC) is a purchasing cooperative made up of 142 school districts, libraries, and related agencies in 27 counties. The purpose of the MEC is to obtain prices for quality merchandise and services commonly used by the participants. The Governing Board of the MEC consists of one representative from each participant. All participants must pay all fees, charges, or other assessments as established by the MEC. During fiscal year 2014, the District paid \$977 to the MEC for membership dues. Financial information can be obtained from the Metropolitan Educational Council, 2100 Citygate Drive, Columbus, Ohio 43219.

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

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

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

PUBLIC ENTITY RISK POOLS

Ohio School Plan

The District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members, which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection, and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a 15-member Board consisting of Superintendents, Treasurers, the President of Harcum-Schuetz Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Schuetz Insurance Agency, Inc. serves as the sales and marketing representative, which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Schuetz Insurance Agency, Inc., 246 East Sycamore Street, Columbus, Ohio 43206.

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

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

Stark County Schools Council of Governments

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

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

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

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

B. Basis of Presentation

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

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

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

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

C. Fund Accounting

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

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.

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

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

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

The following are the District's major governmental funds:

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

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

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

FIDUCIARY FUNDS

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

D. Measurement Focus

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

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

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

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

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

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

E. Basis of Accounting

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from income taxes is recognized in the fiscal year in which the income is earned (See Note 8). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

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

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

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

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

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

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

F. Budgetary Process

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

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Delaware County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final amended certificates of estimated resources issued for fiscal year 2014.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the function level of expenditures for the general fund and fund level for all other funds, which is the legal level of budgetary control. Budgetary allocations at the object level within the general fund and at the function and object level for all other funds are made by the District Treasurer. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures may not exceed the appropriation total.
5. Any revisions that alter the total of any fund appropriation or function level of the general fund must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.

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

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

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

7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2014. All amounts reported in the budgetary statement reflect the original appropriations and the final appropriations, including all modifications legally enacted by the Board.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

G. Cash and Investments

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

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2014 was \$11,029, which includes \$1,893 assigned from other District funds.

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

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

H. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. These items are reported as assets on the statement of net position/balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense/expenditure is reported in the year in which services are consumed. At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is considered nonspendable in an amount equal to the carrying value of the asset on the fund financial statements.

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

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

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

I. Inventory

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

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

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

J. Capital Assets

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

All capital assets are capitalized at cost and updated for additions and deductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The District maintains a capitalization threshold of \$2,500. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

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

K. Interfund Balances

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

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

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

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

L. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2014, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least ten years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. Any applicable amounts are recorded in the account "compensated absences payable" in the funds from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported on the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital lease obligations are recognized as liabilities on the fund financial statements when due.

N. Unamortized Bond Premium and Discount/Accounting Gain or Loss

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

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

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

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

For bond refundings resulting in the defeasance of debt reported on the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources on the statement of net position.

On the governmental fund financial statements, bond premiums are recognized in the current period. A reconciliation between the bonds' face value and the amount reported on the statement of net position is presented in Note 15.

O. Net Position

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

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

P. Fund Balance

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

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

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

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

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

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

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

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

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

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

Q. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenses/expenditures 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 expenses/expenditures to the funds that initially paid for them are not presented on the basic financial statements. The District did not report any interfund activity during fiscal year 2014.

R. Estimates

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

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

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

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

S. Extraordinary and Special Items

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

B. Deficit Fund Balances

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

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Vocational education enhancement	\$ 2
Race to the top	6,289
IDEA, part B	7,895
Title I	28,328
Improving teacher quality	119

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances are a result of adjustments for accrued liabilities and the reporting of short-term interfund loans as a fund liability rather than as an other financing source.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Cash on Hand

At June 30, 2014, the District had \$3,915 in undeposited cash on hand, which is included on the basic financial statements of the District as part of "equity in pooled cash and cash equivalents".

B. Deposits with Financial Institutions

At June 30, 2014, the carrying amount of all District deposits was \$5,621,125. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$1,175,572 of the District's bank balance of \$5,939,551 was exposed to custodial risk as discussed below, while \$4,763,979 was covered by the FDIC.

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

C. Investments

As of June 30, 2014, the District had the following investment and maturity:

<u>Investment type</u>	<u>Fair Value</u>	Investment <u>Maturity</u> 6 Months or <u>Less</u>
STAR Ohio	\$ 2,634,720	\$ 2,634,720

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

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

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

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 2,634,720	100.00

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

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

<u>Cash and investments per note</u>		
Carrying amount of deposits	\$	5,621,125
Investments		2,634,720
Cash on hand		3,915
Total	\$	<u>8,259,760</u>
 <u>Cash and investments per statement of net position</u>		
Governmental activities	\$	8,139,476
Private-purpose trust funds		47,748
Agency funds		72,536
Total	\$	<u>8,259,760</u>

NOTE 5 - INTERFUND TRANSACTIONS

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

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

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

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

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

- B.** Amounts due to/from other funds consisted of the following at June 30, 2014, as reported on the fund financial statements:

<u>Receivable Fund</u>	<u>Payable Funds</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ <u>117,863</u>

The primary purpose of these interfund balances is to cover negative cash balances in specific funds where revenues were requested, but were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. The District met the exception requirements of Ohio Revised Code Section 3315.20, allowing negative cash balances in these funds.

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Public utility real and personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Delaware, Morrow, Union, and Marion Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$2,326,476 in the general fund, \$490,518 in the debt service fund, and \$171,110 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue.

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

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

NOTE 6 - PROPERTY TAXES - (Continued)

The amount available for advance at June 30, 2013 was \$1,930,295 in the general fund, \$377,176 in the debt service fund, and \$158,164 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

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

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

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

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 495,907,740	97.26	\$ 500,110,590	97.13
Public utility personal	<u>13,970,300</u>	<u>2.74</u>	<u>14,783,830</u>	<u>2.87</u>
Total	<u>\$ 509,878,040</u>	<u>100.00</u>	<u>\$ 514,894,420</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 34.66		\$ 34.80	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2014 consisted of property taxes, income taxes, accounts (student fees and billings for user charged services), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. A list of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 12,209,133
Income taxes	2,570,364
Accounts	87,027
Accrued interest	2,077
Intergovernmental	<u>337,893</u>
Total	<u>\$ 15,206,494</u>

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

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

NOTE 8 - INCOME TAX

The District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1993, and is for a continuing period. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue of \$5,605,813 was credited to the general fund during fiscal year 2014.

NOTE 9 - CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 498,673	\$ -	\$ -	\$ 498,673
Total capital assets, not being depreciated	<u>498,673</u>	<u>-</u>	<u>-</u>	<u>498,673</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,637,612	544,885	-	2,182,497
Buildings and improvements	32,381,066	-	-	32,381,066
Furniture and equipment	1,954,190	746,588	(18,934)	2,681,844
Vehicles	2,493,686	179,464	-	2,673,150
Infrastructure	<u>154,668</u>	<u>-</u>	<u>-</u>	<u>154,668</u>
Total capital assets, being depreciated	<u>38,621,222</u>	<u>1,470,937</u>	<u>(18,934)</u>	<u>40,073,225</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(614,606)	(64,071)	-	(678,677)
Buildings and improvements	(5,941,267)	(441,679)	-	(6,382,946)
Furniture and equipment	(1,300,192)	(111,321)	18,934	(1,392,579)
Vehicles	(1,447,335)	(221,900)	-	(1,669,235)
Infrastructure	<u>(75,069)</u>	<u>(2,734)</u>	<u>-</u>	<u>(77,803)</u>
Total accumulated depreciation	<u>(9,378,469)</u>	<u>(841,705)</u>	<u>18,934</u>	<u>(10,201,240)</u>
Depreciable capital assets, net	<u>29,242,753</u>	<u>629,232</u>	<u>-</u>	<u>29,871,985</u>
Governmental activities capital assets, net	<u>\$ 29,741,426</u>	<u>\$ 629,232</u>	<u>\$ -</u>	<u>\$ 30,370,658</u>

Buckeye Valley North Elementary School was closed for the 2013-2014 school year. The District's management retains the possibility of re-opening this elementary school once funding becomes available.

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

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

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental activities as follows:

<u>Instruction:</u>	
Regular	\$ 387,975
Special	15,382
Vocational	5,697
<u>Support services:</u>	
Pupil	10,887
Instructional staff	24,565
Administration	15,250
Fiscal	718
Operations and maintenance	61,266
Pupil transportation	206,584
<u>Operation of non-instructional services:</u>	
Other non-instructional services	12,976
Food service operations	14,487
Extracurricular activities	<u>85,918</u>
Total depreciation expense	<u>\$ 841,705</u>

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

For fiscal year 2014, the District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

Coverage provided by the Ohio School Plan is as follows:

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

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

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

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

NOTE 10 - RISK MANAGEMENT - (Continued)

B. Workers' Compensation Rating Plan

During fiscal year 2014, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

C. Employee Group Insurance Benefits

During fiscal year 2014, the District participated in the Stark County Schools Council of Governments Health Benefits Program to provide employee medical/surgical and dental benefits. The Stark County Schools Council's Health Benefits Program is a shared risk pool comprised of an 85-member council (66 of which are member school districts). Rates are set through an annual calculation process. The District pays a monthly contribution, which is paid in a common fund from which claims payments are made for all participants regardless of claims flow. The Board of Directors has the right to return monies to an exiting participant subsequent to the settlements of all outstanding expenses and claims.

NOTE 11 - PENSION PLANS

A. School Employees Retirement System

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

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

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

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

NOTE 11 - PENSION PLANS - (Continued)

The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$345,772, \$342,703 and \$380,725, respectively; 95.10 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 provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "Publications".

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

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

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

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

NOTE 11 - PENSION PLANS - (Continued)

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$1,162,983, \$1,122,665 and \$1,205,389, respectively; 83.05 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 \$56,720 made by the District and \$44,566 made by the plan members.

C. Social Security System

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

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

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

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

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$53,325, \$47,455 and \$59,606, respectively; 95.10 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013 and 2012 were \$20,060, \$19,359 and \$22,484, respectively; 95.10 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 contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org, under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$89,460, \$86,359 and \$92,722, respectively; 83.05 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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

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

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of two hundred forty-five days for all employees. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit. In addition, sick leave in excess of one hundred twenty days is calculated on a basis of the total accumulated sick leave days up to and including two hundred thirty days multiplied by 0.357 for classified employees, and up to and including two hundred thirty days multiplied by 0.333 for certified employees.

B. Health Care Benefits

During fiscal year 2014, the District offered medical/surgical and dental insurance benefits to employees through the Stark County Schools Council of Governments Health Benefits Program. Employees share the cost of the monthly premium with the Board of Education. The employee premium varies depending on the terms of the union contract.

NOTE 14 - COMMITMENTS

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

<u>Fund</u>	<u>Year End Encumbrances</u>
General fund	\$ 361,231
Nonmajor governmental funds	<u>259,048</u>
 Total	 \$ <u><u>620,279</u></u>

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

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

NOTE 15 - LONG-TERM OBLIGATIONS

A. During fiscal year 2014, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance Outstanding <u>June 30, 2014</u>	Amounts Due in <u>One Year</u>
<u>General Obligation Bonds:</u>					
School Building Bonds (Series 1995)					
Term Bonds 5.00-6.85%	\$ 2,195,000	\$ -	\$ (685,000)	\$ 1,510,000	\$ 725,000
Refunding School Building Bonds (Series 2004)					
Current Interest Bonds 2.00-4.00%	3,910,008	-	(65,000)	3,845,008	-
Capital Appreciation Bonds	204,992	-	-	204,992	17,454
Accreted Interest on Capital Appreciation Bonds	463,865	98,634	-	562,499	47,893
School Facilities Bonds (Series 2009)					
Current Interest Bonds 2.50%-5.00%	13,730,000	-	(430,000)	13,300,000	440,000
Capital Appreciation Bonds	419,994	-	-	419,994	-
Accreted Interest on Capital Appreciation Bonds	372,928	132,291	-	505,219	-
Total, general obligation bonds	<u>21,296,787</u>	<u>230,925</u>	<u>(1,180,000)</u>	<u>20,347,712</u>	<u>1,230,347</u>
<u>Other Long-Term Obligations:</u>					
Capital lease obligations	249,581	612,262	(185,877)	675,966	240,438
Compensated absences	<u>1,534,632</u>	<u>232,341</u>	<u>(330,051)</u>	<u>1,436,922</u>	<u>229,439</u>
Total, other long-term obligations	<u>1,784,213</u>	<u>844,603</u>	<u>(515,928)</u>	<u>2,112,888</u>	<u>469,877</u>
Total, all governmental activities long-term liabilities	23,081,000	<u>\$ 1,075,528</u>	<u>\$ (1,695,928)</u>	22,460,600	<u>\$ 1,700,224</u>
Add: unamortized premiums	<u>757,982</u>			<u>734,970</u>	
Total on statement of net position	<u>\$ 23,838,982</u>			<u>\$ 23,195,570</u>	

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

Capital Lease Obligations - Capital lease obligations will be paid from the general fund and the permanent improvement fund (a nonmajor governmental fund). See Note 16 for details.

B. School Building Bonds (Series 1995) - On December 1, 1995, the District issued \$14,000,000 in voted general obligation bonds for improving and constructing school buildings and facilities. The bonds were issued for a twenty-five year period, with final maturity during fiscal year 2016. Interest payments on the bonds are due on June 1 and December 1 of each year. The interest rates on the bonds range from 5.00% to 6.85%. The bonds are being retired through the debt service fund.

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

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

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

- C. Refunding School Building Bonds (Series 2004) - On October 1, 2004, the District issued refunding bonds in the amount of \$4,650,000 to partially refund bonds previously issued in fiscal year 1996 for improving and constructing school buildings and facilities. The refunding bond issue is comprised of both current interest bonds and capital appreciation bonds in the amounts of \$4,445,008 and \$204,992, respectively. The bonds were issued for a sixteen year period, with final maturity during fiscal year 2021. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The bonds are being retired through the debt service fund.

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

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds mature on December 1, 2014, 2015 and 2016 (stated interest 14.24%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,050,000. Total accreted interest of \$562,499 has been included on the statement of net position at June 30, 2014.

- D. School Facilities Bonds (Series 2009) - On April 20, 2009, the District issued general obligation bonds to finance building construction and improvements. The issue is comprised of both current interest bonds, par value \$15,580,000, and capital appreciation bonds, par value \$419,994. The interest rate on the current interest bonds ranges from 2.50% to 5.00%. The capital appreciation bonds mature on December 1, 2015, 2016 and 2017 (stated interest 16.05%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,350,000. Total accreted interest of \$505,219 has been included on the statement of net position at June 30, 2014.

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

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

- E. Principal and interest requirements to retire long-term general obligation bonds outstanding at June 30, 2014, were as follows:

Fiscal Year Ending June 30,	School Building Bonds - Series 1995		
	Principal	Interest	Total
2015	\$ 725,000	\$ 78,603	\$ 803,603
2016	<u>785,000</u>	<u>26,886</u>	<u>811,886</u>
Total	<u>\$ 1,510,000</u>	<u>\$ 105,489</u>	<u>\$ 1,615,489</u>

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

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

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year Ending June 30,	Current Interest Bonds - Series 2004			Capital Appreciation Bonds - Series 2004		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ -	\$ 152,890	\$ 152,890	\$ 17,454	\$ 52,546	\$ 70,000
2016	-	152,890	152,890	15,211	54,789	70,000
2017	-	152,890	152,890	172,327	737,673	910,000
2018	910,000	135,145	1,045,145	-	-	-
2019	950,000	98,400	1,048,400	-	-	-
2020 - 2021	1,985,008	80,100	2,065,108	-	-	-
Total	\$ 3,845,008	\$ 772,315	\$ 4,617,323	\$ 204,992	\$ 845,008	\$ 1,050,000

Fiscal Year Ending June 30,	Current Interest Bonds - Series 2009			Capital Appreciation Bonds - Series 2009		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 440,000	\$ 597,138	\$ 1,037,138	\$ -	\$ -	\$ -
2016	-	590,538	590,538	162,081	287,919	450,000
2017	-	590,538	590,538	138,893	311,107	450,000
2018	-	590,537	590,537	119,020	330,980	450,000
2019	450,000	582,100	1,032,100	-	-	-
2020 - 2024	2,550,000	2,620,967	5,170,967	-	-	-
2025 - 2029	3,115,000	2,029,883	5,144,883	-	-	-
2030 - 2034	3,905,000	1,213,590	5,118,590	-	-	-
2035 - 2037	2,840,000	217,750	3,057,750	-	-	-
Total	\$ 13,300,000	\$ 9,033,041	\$ 22,333,041	\$ 419,994	\$ 930,006	\$ 1,350,000

F. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The Code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2014, are a voted debt margin of \$28,428,606 (including available funds of \$1,368,102) and an unvoted debt margin of \$514,894.

NOTE 16 - CAPITAL LEASES - LESSEE DISCLOSURE

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

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

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

NOTE 16 - CAPITAL LEASES - LESSEE DISCLOSURE (Continued)

Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements. The computer and technology equipment acquired by the capital lease in fiscal year 2013 did not meet the District's capitalization threshold, and therefore is not included in the District's capital assets. Capital assets consisting of copier equipment have been capitalized in the amount of \$612,262. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2014 for this copier equipment was \$61,226, leaving a current book value of \$551,036.

A corresponding liability was recorded on the statement of net position. Principal and interest payments in fiscal year 2014 totaled \$185,877 and \$24,847, respectively. These amounts are reflected as debt service expenditures in the general fund and the permanent improvement fund (a nonmajor governmental fund).

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

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2015	\$ 268,613
2016	138,934
2017	138,935
2018	138,934
2019	<u>57,889</u>
Total	743,305
Less: amount representing interest	<u>(67,339)</u>
Present value of minimum lease payments	<u>\$ 675,966</u>

NOTE 17 - DONOR RESTRICTED ENDOWMENTS

The District's private-purpose trust fund activity includes donor restricted endowments. Endowments, in the amount of \$25,000, represent the principal portion. The amount of net appreciation in donor restricted investments that is available for expenses by the District is \$22,748, which is included as "net position held in trust for scholarships". State law permits the District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate that the interest should be used to provide scholarships each fiscal year.

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

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

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (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 and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 1,236,375
Net adjustment for revenue accruals	480,187
Net adjustment for expenditure accruals	(322,988)
Net adjustment for other sources/uses	328,977
Funds budgeted elsewhere	(42,732)
Adjustment for encumbrances	391,036
GAAP basis	\$ 2,070,855

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

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

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

NOTE 19 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	384,359
Current year offsets	<u>(770,873)</u>
Total	<u>\$ (386,514)</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>
Set-aside balance June 30, 2014	<u>\$ -</u>

During fiscal year 2009, the District issued \$15,999,994 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$15,999,994 at June 30, 2014.

NOTE 20 - CONTINGENCIES

A. Grants

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

B. Litigation

The District is a party to legal proceedings. The District management is of the opinion that ultimate disposition of these claims, if any, will not have a material effect on the financial condition of the District. A loss is not anticipated at this time.

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

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

NOTE 20 – CONTINGENCIES (Continued)

C. Other

The Auditor of State is currently performing special audit procedures to assess whether certain District arrangements and payments constitute an unlawful use of public funds. The results of these arrangements and payments are still pending as of the date of this report.

Any disallowed claims resulting from the audit could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2014, if applicable, cannot be determined at this time and in the opinion of management, any such disallowed claims will not have a material adverse effect.

NOTE 21 - SUBSEQUENT EVENT

On September 4, 2014, the District issued \$3,795,000 in general obligation refunding bonds to refund a portion of the District's series 2004 general obligation refunding bonds. The bonds bear interest at rates ranging from 1.00% to 4.00%, and have a final maturity of December 1, 2020.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i>	Grant Award Year	Federal CFDA Number	Receipts	Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Education</i>				
Nutrition Cluster:				
Non-Cash Assistance (Food Distribution)				
National School Lunch Program	2014	10.555	\$ 44,569	\$ 44,569
Cash Assistance				
School Breakfast Program	2014	10.553	35,485	35,485
National School Lunch Program	2014	10.555	232,515	232,515
Total Nutrition Cluster			<u>312,569</u>	<u>312,569</u>
Total United States Department of Agriculture			<u>312,569</u>	<u>312,569</u>
UNITED STATES DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	2014	84.010	136,816	219,771
	2013	84.010	31,220	22,131
Total Title I Grants to Local Educational Agencies			<u>168,036</u>	<u>241,902</u>
Special Education Cluster:				
Special Education Grants to States	2014	84.027	299,319	353,046
Preschool Special Education Grants	2014	84.173	4,688	4,688
Total Special Education Cluster			<u>304,007</u>	<u>357,734</u>
Improving Teacher Quality State Grants	2014	84.367	55,061	55,060
	2013	84.367	-	474
Total Improving Teacher Quality State Grants			<u>55,061</u>	<u>55,534</u>
ARRA- Race to the Top	2014	84.395	46,982	70,039
	2013	84.395	8,777	20,798
Total ARRA- Race to the Top			<u>55,759</u>	<u>90,837</u>
Total United States Department of Education			<u>582,863</u>	<u>746,007</u>
Total Federal Awards			<u>\$ 895,432</u>	<u>\$ 1,058,576</u>

The accompanying notes are an integral part of this schedule.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Buckeye Valley Local School District, Delaware County, Ohio, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 18, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

March 18, 2015



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

March 18, 2015

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster: CFDA #10.553, 10.555 Special Education Cluster: CFDA #84.027, 84.173
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Financial Statement Adjustments	Yes	
2013-002	Reporting & Cash Management	No	Partially Corrected; Issued in Management Letter
2013-003	Eligibility	Yes	
2013-004	Paid Lunch Equity Calculation	Yes	



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BUCKEYE VALLEY LOCAL SCHOOL DISTRICT

DELAWARE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 2, 2015**