



Rea & associates *a brighter way*

# Buckeye Local School District

## Jefferson County, Ohio

*Audited Financial Statements*

For the Fiscal Year Ended  
June 30, 2015





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Buckeye Local School District, Jefferson County, prepared by Rea & Associates, Inc., for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

March 30, 2016

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

**JUNE 30, 2015**

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

**JUNE 30, 2015**

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December 22, 2015

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

## **Independent Auditor's Report**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Local School District, Jefferson County, Ohio (the School District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Local School District, Jefferson County, as of June 30, 2015, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of a Matter***

As described in Note 3, the School District restated the net position balances to account for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Schedule of the School District's Proportionate Share of the Net Pension Liability, and Schedule of School District's Contributions* on pages 4-12, 56 - 57 and 58 - 61, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2015 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

*Rea & Associates, Inc.*

New Philadelphia, Ohio

**Buckeye Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited

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The discussion and analysis of the Buckeye Local School District's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for the fiscal year 2015 are as follows:

- Net position of governmental activities increased \$380,597.
- General revenues accounted for \$17,418,237 in revenue or approximately 82 percent of all revenues. Program specific revenues in the form of charges for services, and operating grants and contributions accounted for \$3,910,058 or approximately 18 percent of total revenues of \$21,328,295.
- Total assets of governmental activities decreased \$246,668. Current assets increased by \$77,764 primarily due to an increase in property taxes receivable, which was offset by decreases in intergovernmental receivable. Capital assets decreased \$324,432 due in large part to annual depreciation expense and the sale of Northwest Elementary building. The decreases were offset by capital asset additions.
- The School District had \$20,947,698 in expenses related to governmental activities; only \$3,910,058 of these expenses were offset by program specific charges for services, and operating grants and contributions. General revenues of \$17,418,237 were adequate to provide for these programs.
- Total governmental funds had \$21,432,735 in revenues and \$21,418,438 in expenditures. Overall, including other financing sources and uses, the total governmental fund balances increased \$411,073.

**Using this Annual Financial Report**

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

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

**Buckeye Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited

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***Reporting the School District as a Whole***

*Statement of Net Position and Statement of Activities*

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

***Reporting the School District's Most Significant Funds***

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the General Fund.

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

**Buckeye Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2015 compared to 2014.

**Table 1**  
**Net Position**  
**Governmental Activities**

	<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>Assets</b>			
Current and Other Assets	\$10,082,828	\$10,005,064	\$77,764
Capital Assets	9,389,100	9,713,532	(324,432)
<b>Total Assets</b>	<b>19,471,928</b>	<b>19,718,596</b>	<b>(246,668)</b>
<b>Deferred Outflows of Resources</b>			
Pension	1,683,310	1,342,651	340,659
<b>Liabilities</b>			
Current and Other Liabilities	2,380,333	2,470,795	(90,462)
Long-Term Liabilities:			
Due Within One Year	285,491	197,777	87,714
Due in More Than One Year:			
Net Pension Liability	23,168,326	27,533,908	(4,365,582)
Other Amounts	1,996,285	1,972,461	23,824
<b>Total Liabilities</b>	<b>27,830,435</b>	<b>32,174,941</b>	<b>(4,344,506)</b>
<b>Deferred Inflows of Resources</b>			
Property Taxes	7,388,082	7,526,543	(138,461)
Pension	4,196,361	0	4,196,361
<b>Total Deferred Inflows of Resources</b>	<b>11,584,443</b>	<b>7,526,543</b>	<b>4,057,900</b>
<b>Net Position (Deficit)</b>			
Net Investment in Capital Assets	8,374,191	8,813,364	(439,173)
Restricted	188,140	281,961	(93,821)
Unrestricted	(26,821,971)	(27,735,562)	913,591
<b>Total Net Position (Deficit)</b>	<b>(\$18,259,640)</b>	<b>(\$18,640,237)</b>	<b>\$380,597</b>

During 2015, the School District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

**Buckeye Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited

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Under the new standards required by GASB 68, the net pension liability equals the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State Statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State Statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the Statement of Net Position.

In accordance with GASB 68, the School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability.

As a result of implementing GASB 68, the School District is reporting a net pension liability and deferred inflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$7,551,020 to (\$18,640,237).

Total assets of governmental activities decreased \$246,668. As indicated previously, current assets increased by \$77,764 primarily due to an increase in property taxes receivable, which was offset by decreases in intergovernmental receivables. Capital assets decreased \$324,432 due primarily to annual depreciation expense and the sale of Northwest Elementary School, and were offset by capital asset additions.

Current and other liabilities decreased primarily due to the sale of property, previously reported as a deposit held for resale and a decrease in accounts payable.

Long-term liabilities, excluding the pension liability, increased due to the inception of capital leases for three buses and a waste compactor.

**Buckeye Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited

Table 2 shows the changes in net position for the fiscal year 2015 compared to fiscal year 2014.

<b>Table 2</b>			
<b>Changes in Net Position</b>			
<b>Governmental Activities</b>			
	<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$790,666	\$727,304	\$63,362
Operating Grants and Contributions	3,119,392	3,537,944	(418,552)
Total Program Revenues	3,910,058	4,265,248	(355,190)
General Revenues			
Property Taxes	7,919,349	7,304,314	615,035
Grants and Entitlements not Restricted to Specific Programs	9,422,216	9,565,790	(143,574)
Others	76,672	106,349	(29,677)
Total General Revenues	17,418,237	16,976,453	441,784
<b>Total Revenues</b>	<b>21,328,295</b>	<b>21,241,701</b>	<b>86,594</b>
<b>Program Expenses</b>			
Instruction			
Regular	8,914,059	8,864,409	49,650
Special	2,916,826	2,893,462	23,364
Vocational	392,297	402,023	(9,726)
Student Intervention Services	86,691	133,517	(46,826)
Support Services			
Pupil	875,686	1,002,745	(127,059)
Instructional Staff	318,353	351,963	(33,610)
Board of Education	94,338	114,494	(20,156)
Administration	1,731,616	2,083,321	(351,705)
Fiscal	622,655	517,276	105,379
Business	36,101	34,287	1,814
Operation and Maintenance of Plant	1,918,340	2,010,098	(91,758)
Pupil Transportation	1,801,651	1,906,392	(104,741)
Central	135,494	107,926	27,568
Operation of Non-Instructional Services	8,671	8,872	(201)
Food Service Operations	695,464	756,963	(61,499)
Extracurricular Activities	367,620	398,181	(30,561)
Interest and Fiscal Charges	31,836	29,703	2,133
<b>Total Expenses</b>	<b>20,947,698</b>	<b>21,615,632</b>	<b>(667,934)</b>
<b>Increase (Decrease) in Net Position</b>	380,597	(373,931)	754,528
Net Position (Deficit) Beginning of Year	(18,640,237)	N/A	
<b>Net Position (Deficit) End of Year</b>	<b>(\$18,259,640)</b>	<b>(\$18,640,237)</b>	<b>\$380,597</b>

**Buckeye Local School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2015  
 Unaudited

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$1,342,651 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$954,803. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 GASB 68 program expenses under GASB 68	\$20,947,698
Pension expense under GASB 68	(954,803)
2015 contractually required contribution	1,464,683
Adjusted 2015 program expenses	21,457,578
Total 2014 program expenses under GASB 27	21,615,632
Decrease in program expenses not related to pension	(\$158,054)

In 2015, 37 percent of the School District's revenues were from property taxes and 44 percent were from unrestricted grants and entitlements. A significant decrease was realized in operating grants and contributions primarily due to the School District no longer receiving the Building Bridges Federal Grant.

Instructional programs comprise approximately 59 percent of total governmental program expenses. Of the instructional expenses, approximately 72 percent is for regular instruction; approximately 24 percent is for special instruction; approximately 3 percent for vocational instruction; and approximately one percent for student intervention services. Total expenses decreased approximately 3 percent from the prior fiscal year. Overall expenses decreased \$667,934 as a result of decreased federal funding.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2015 compared to fiscal year 2014. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements. The 2014 amounts still include pension expense computed under GASB 27.

**Buckeye Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited

**Table 3**  
**Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
Instruction				
Regular	\$8,914,059	\$8,864,409	\$8,209,161	\$8,186,759
Special	2,916,826	2,893,462	1,169,460	1,182,543
Vocational	392,297	402,023	248,845	263,968
Student Intervention Services	86,691	133,517	40,570	47,177
Support Services				
Pupil	875,686	1,002,745	715,421	748,881
Instructional Staff	318,353	351,963	274,613	252,840
Board of Education	94,338	114,494	94,338	114,494
Administration	1,731,616	2,083,321	1,650,202	1,705,237
Fiscal	622,655	517,276	622,655	517,276
Business	36,101	34,287	36,101	34,287
Operation and Maintenance of Plant	1,918,340	2,010,098	1,893,792	1,934,805
Pupil Transportation	1,801,651	1,906,392	1,681,116	1,890,174
Central	135,494	107,926	135,494	107,926
Operation of Non-Instructional Services	8,671	8,872	4,015	25
Food Service Operations	695,464	756,963	(7,344)	51,015
Extracurricular Activities	367,620	398,181	237,365	283,274
Interest and Fiscal Charges	31,836	29,703	31,836	29,703
<b>Total Expenses</b>	<b>\$20,947,698</b>	<b>\$21,615,632</b>	<b>\$17,037,640</b>	<b>\$17,350,384</b>

The dependence upon tax revenues and state subsidies for governmental activities is apparent, as 81 percent of expenses are supported through taxes and other general revenues.

**The School District Funds**

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. The School District has one major fund, the General Fund. The General Fund had \$18,743,667 in revenues and \$18,689,968 in expenditures. Overall, including other financing sources and uses, the General Fund's balance increased \$370,925.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2015, the School District amended its General Fund appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were no significant differences between budget and actual expenditures. Final budget expenditures were approximately four percent higher than original budget expenditures due to higher than anticipated costs for all programs.

**Buckeye Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2015, the School District had \$9,389,100 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. See Note 9 for more detailed information of the School District's capital assets.

**Table 4**  
**Capital Assets Net of Depreciation**

	Government Activities	
	2015	2014
Land	\$576,897	\$576,897
Land Improvements	144,883	155,654
Buildings and Improvements	7,753,516	8,194,658
Furniture and Equipment	272,085	283,367
Vehicles	641,719	502,956
Totals	\$9,389,100	\$9,713,532

*Debt*

At June 30, 2015, the School District had \$827,417 of energy conservation general obligation bonds outstanding, including premiums, with \$65,000 due within one year. The School District also had \$189,909 outstanding in capital leases with \$90,532 due within one year.

Table 5 summarizes bonds and capital leases outstanding:

**Table 5**  
**Outstanding Debt at Year End**

	Governmental Activities	
	2015	2014
2013 Energy Conservation and School Improvement Bonds		
Term Bonds	\$825,000	\$885,000
Bond Premium	2,417	2,596
Capital Leases	189,909	15,168
Total	\$1,017,326	\$902,764

See Note 16 for more detailed information on the School District's debt. The net pension liability under GASB 68 is also reported as a long-term obligation that has been previously disclosed within the management's discussion and analysis.

**Buckeye Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited

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***Economic Factors***

As the preceding information indicates, the School District depends heavily on the property taxpayers. For fiscal year 2015, property tax revenue comprised 37 percent of the School District's revenue sources, while unrestricted grants and entitlements comprised 44 percent.

During fiscal year 2015, the Northwest Elementary School building that was being leased was paid in full.

Additionally, the Buckeye Local Board of Education sponsored a conversion community school (Ohio Valley Energy and Technology Academy). The Academy will be housed in the Buckeye Local High School and provides students the opportunity for training in the gas and oil industry.

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

**Contacting the School District's Financial Management**

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

# **Basic Financial Statements**

**Buckeye Local School District**  
*Statement of Net Position*  
*June 30, 2015*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,342,004
Intergovernmental Receivable	177,083
Investments	6,664
Prepaid Items	1,164
Materials and Supplies Inventory	150,904
Property Taxes Receivable	8,405,009
Non-Depreciable Capital Assets	576,897
Depreciable Capital Assets, Net	8,812,203
<i>Total Assets</i>	19,471,928
<b>Deferred Outflows of Resources</b>	
Pension	1,683,310
<b>Liabilities</b>	
Accounts Payable	44,792
Accrued Wages and Benefits Payable	1,863,462
Intergovernmental Payable	407,864
Matured Severance Payable	62,635
Accrued Interest Payable	1,580
Long-Term Liabilities:	
Due Within One Year	285,491
Due In More Than One Year:	
Net Pension Liability (See Note 11)	23,168,326
Other Amounts Due in More Than One Year	1,996,285
<i>Total Liabilities</i>	27,830,435
<b>Deferred Inflows of Resources</b>	
Property Taxes not Levied to Finance Current Year Operations	7,388,082
Pension	4,196,361
<i>Total Deferred Inflows of Resources</i>	11,584,443
<b>Net Position</b>	
Net Investment in Capital Assets	8,374,191
Restricted for:	
Capital Projects	1,992
Bus Purchase	5,959
Federal Programs	41,585
State Programs	7,577
Other Purposes	131,027
Unrestricted (Deficit)	(26,821,971)
<i>Total Net Position (Deficit)</i>	(\$18,259,640)

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Instruction:				
Regular	\$8,914,059	\$497,900	\$206,998	(\$8,209,161)
Special	2,916,826	0	1,747,366	(1,169,460)
Vocational	392,297	0	143,452	(248,845)
Student Intervention Services	86,691	0	46,121	(40,570)
Support Services:				
Pupil	875,686	0	160,265	(715,421)
Instructional Staff	318,353	0	43,740	(274,613)
Board of Education	94,338	0	0	(94,338)
Administration	1,731,616	0	81,414	(1,650,202)
Fiscal	622,655	0	0	(622,655)
Business	36,101	0	0	(36,101)
Operation and Maintenance of Plant	1,918,340	13,093	11,455	(1,893,792)
Pupil Transportation	1,801,651	0	120,535	(1,681,116)
Central	135,494	0	0	(135,494)
Operation of Non-Instructional Services	8,671	0	4,656	(4,015)
Food Service Operations	695,464	149,418	553,390	7,344
Extracurricular Activities	367,620	130,255	0	(237,365)
Interest and Fiscal Charges	31,836	0	0	(31,836)
<i>Total Governmental Activities</i>	<u>\$20,947,698</u>	<u>\$790,666</u>	<u>\$3,119,392</u>	<u>(\$17,037,640)</u>
<b>General Revenues</b>				
Property Taxes Levied for General Purposes				7,919,349
Grants and Entitlements not Restricted to Specific Programs				9,422,216
Investment Earnings				937
Gifts and Donations				40,514
Miscellaneous				35,221
<i>Total General Revenues</i>				<u>17,418,237</u>
Change in Net Position				380,597
<i>Net Position (Deficit) Beginning of Year - Restated (Note 3)</i>				<u>(18,640,237)</u>
<i>Net Position (Deficit) End of Year</i>				<u>(\$18,259,640)</u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2015*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,173,384	\$162,661	\$1,336,045
Investments	0	6,664	6,664
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	5,959	0	5,959
Receivables:			
Property Taxes	8,405,009	0	8,405,009
Intergovernmental	38,655	138,428	177,083
Interfund	27,256	0	27,256
Prepaid Items	1,164	0	1,164
Materials and Supplies Inventory	137,862	13,042	150,904
<i>Total Assets</i>	<u>\$9,789,289</u>	<u>\$320,795</u>	<u>\$10,110,084</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$39,365	\$5,427	\$44,792
Accrued Wages and Benefits Payable	1,766,659	96,803	1,863,462
Interfund Payable	0	27,256	27,256
Intergovernmental Payable	391,703	16,161	407,864
Matured Severance Payable	62,635	0	62,635
<i>Total Liabilities</i>	<u>2,260,362</u>	<u>145,647</u>	<u>2,406,009</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes not Levied to Finance Current Year Operations	7,388,082	0	7,388,082
Unavailable Revenue	543,740	49,094	592,834
<i>Total Deferred Inflows of Resources</i>	<u>7,931,822</u>	<u>49,094</u>	<u>7,980,916</u>
<b>Fund Balances (Deficit)</b>			
Nonspendable:			
Materials and Supplies Inventory	137,862	13,042	150,904
Prepaid Items	1,164	0	1,164
Restricted for:			
Bus Purchase	5,959	0	5,959
Capital Projects	0	1,992	1,992
State Programs	0	7,577	7,577
Local Programs	0	131,027	131,027
Unassigned	(547,880)	(27,584)	(575,464)
<i>Total Fund Balances (Deficit)</i>	<u>(402,895)</u>	<u>126,054</u>	<u>(276,841)</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$9,789,289</u>	<u>\$320,795</u>	<u>\$10,110,084</u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
*Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
June 30, 2015*

**Total Governmental Fund Balances** (\$276,841)

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

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds. 9,389,100

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

Intergovernmental	49,094
Tuition and Fees	37,762
Property Taxes	<u>505,978</u>

Total 592,834

In the statement of activities, interest is accrued on outstanding general  
obligation bonds, whereas in governmental funds, an interest expenditure  
is reported when due. (1,580)

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

General Obligation Bonds - Term	825,000
Bond Premium	2,417
Capital Leases	189,909
Compensated Absences	<u>1,264,450</u>

Total (2,281,776)

The net pension liability is not due and payable in the current period;  
therefore, the liability and related deferred inflows/outflows are not  
reported in the governmental funds:

Deferred Inflows - Pension	1,683,310
Deferred Outflows - Pension	(4,196,361)
Net Pension	<u>(23,168,326)</u>

Total (25,681,377)

*Net Position (Deficit) of Governmental Activities* (\$18,259,640)

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2015*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$7,864,814	\$0	\$7,864,814
Intergovernmental	10,314,575	2,392,209	12,706,784
Interest	904	33	937
Tuition and Fees	489,639	2,060	491,699
Extracurricular Activities	13,333	116,922	130,255
Rent	13,093	0	13,093
Gifts and Donations	14,629	25,885	40,514
Charges for Services	0	149,418	149,418
Miscellaneous	32,680	2,541	35,221
<i>Total Revenues</i>	<u>18,743,667</u>	<u>2,689,068</u>	<u>21,432,735</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	8,755,322	256,053	9,011,375
Special	1,886,467	1,040,655	2,927,122
Vocational	384,709	0	384,709
Student Intervention Services	27,578	59,113	86,691
Support Services:			
Pupil	708,548	205,510	914,058
Instructional Staff	233,137	42,229	275,366
Board of Education	94,304	0	94,304
Administration	1,652,896	97,211	1,750,107
Fiscal	615,001	0	615,001
Business	36,101	0	36,101
Operation and Maintenance of Plant	1,875,635	16,198	1,891,833
Pupil Transportation	1,620,541	120,769	1,741,310
Central	138,076	0	138,076
Operation of Non-Instructional Services	0	8,671	8,671
Food Service Operations	0	697,257	697,257
Extracurricular Activities	289,523	105,254	394,777
Capital Outlay	267,176	0	267,176
Debt Service:			
Principal Retirement	92,435	60,000	152,435
Interest and Fiscal Charges	12,519	19,550	32,069
<i>Total Expenditures</i>	<u>18,689,968</u>	<u>2,728,470</u>	<u>21,418,438</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>53,699</u>	<u>(39,402)</u>	<u>14,297</u>
<b>Other Financing Sources (Uses)</b>			
Sale of Assets	129,600	0	129,600
Inception of Capital Lease	267,176	0	267,176
Transfers In	0	79,550	79,550
Transfers Out	(79,550)	0	(79,550)
<i>Total Other Financing Sources (Uses)</i>	<u>317,226</u>	<u>79,550</u>	<u>396,776</u>
<i>Net Change in Fund Balances</i>	370,925	40,148	411,073
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(773,820)</u>	<u>85,906</u>	<u>(687,914)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$402,895)</u>	<u>\$126,054</u>	<u>(\$276,841)</u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
*Reconciliation of the Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2015*

**Net Change in Fund Balances - Total Governmental Funds** \$411,073

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

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

Capital Asset Additions	330,462	
Current Year Depreciation	(491,322)	
Total	(160,860)	(160,860)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. (163,572)

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

Intergovernmental	(165,176)	
Tuition and Fees	6,201	
Property Taxes	54,535	
Total	(104,440)	(104,440)

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the Statement of Activities. 54

Accrued Interest

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

Amortization of Bond Premium

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 152,435

General Obligation Bonds	60,000	
Capital Leases	92,435	
Total	152,435	152,435

Inception of capital leases are reported as other financing sources in the governmental funds, but the inception increases long term liabilities on the statement of activities (267,176)

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 3,024

Contractually required contributions are reported as expenditures in the governmental funds; however, the Statement of Activities reports these amounts as deferred outflows. 1,464,683

Except for amounts reported as deferred inflows/outflows, changes in net pension liability are reported as pension expense in the Statement of Activities. (954,803)

*Changes in Net Position Governmental Activities* \$380,597

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2015*

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Property Taxes	\$7,941,858	\$7,691,180	\$7,691,180	\$0
Intergovernmental	10,688,362	10,350,993	10,350,993	0
Interest	933	904	904	0
Tuition and Fees	505,598	489,639	489,639	0
Rent	13,520	13,093	13,093	0
Extracurricular Activities	13,768	13,333	13,333	0
Gifts and Donations	15,106	14,629	14,629	0
Miscellaneous	33,745	32,666	32,680	14
<i>Total Revenues</i>	<u>19,212,890</u>	<u>18,606,437</u>	<u>18,606,451</u>	<u>14</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	8,394,271	8,703,769	8,703,769	0
Special	1,769,523	1,834,766	1,834,766	0
Vocational	378,962	392,934	392,934	0
Student Intervention Services	27,306	28,313	28,313	0
Support Services:				
Pupil	678,679	703,702	703,702	0
Instructional Staff	230,997	239,514	239,514	0
Board of Education	96,300	99,851	99,851	0
Administration	1,615,765	1,675,339	1,675,339	0
Fiscal	602,033	624,230	624,230	0
Business	34,482	35,753	35,753	0
Operation and Maintenance of Plant	1,810,721	1,877,483	1,877,483	0
Pupil Transportation	1,681,785	1,743,793	1,743,793	0
Central	137,606	142,680	142,680	0
Extracurricular Activities	283,244	293,687	293,687	0
Debt Service:				
Principal Retirement	1,527,401	1,583,717	1,583,717	0
Interest and Fiscal Charges	9,840	10,203	10,203	0
<i>Total Expenditures</i>	<u>19,278,915</u>	<u>19,989,734</u>	<u>19,989,734</u>	<u>0</u>
Excess of Revenues Under Expenditures	<u>(66,025)</u>	<u>(1,383,297)</u>	<u>(1,383,283)</u>	<u>14</u>
<b>Other Financing Sources (Uses)</b>				
Tax Anticipation Notes Issued	0	1,500,000	1,500,000	0
Sale of Assets	0	69,600	69,600	0
Transfers In	0	0	0	0
Advances In	0	6,641	6,532	(109)
Transfers Out	(79,550)	(79,550)	(79,550)	0
Advances Out	(27,256)	(27,366)	(27,256)	110
<i>Total Other Financing Sources (Uses)</i>	<u>(106,806)</u>	<u>1,469,325</u>	<u>1,469,326</u>	<u>1</u>
<i>Net Change in Fund Balance</i>	<u>(172,831)</u>	<u>86,028</u>	<u>86,043</u>	<u>15</u>
<i>Fund Balance Beginning of Year</i>	<u>1,093,300</u>	<u>1,093,300</u>	<u>1,093,300</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$920,469</u>	<u>\$1,179,328</u>	<u>\$1,179,343</u>	<u>\$15</u>

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*June 30, 2015*

	Private Purpose Trust Fund	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$168,908	\$41,355
<i>Total Assets</i>	168,908	\$41,355
<b>Liabilities</b>		
Due to Students	0	\$41,355
<i>Total Liabilities</i>	0	\$41,355
<b>Net Position</b>		
Held in Trust for Scholarships	168,908	
<i>Total Net Position</i>	\$168,908	

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
*Statement of Changes in Fiduciary Net Position*  
*Fiduciary Fund*  
*For the Fiscal Year Ended June 30, 2015*

	Private Purpose Trust Fund
<b>Additions</b>	
Contributions and Donations	\$17,000
Interest	196
	17,196
<b>Deductions</b>	
Scholarships Awarded	2,500
	14,696
<i>Change in Net Position</i>	14,696
<i>Net Position Beginning of Year</i>	154,212
	154,212
<i>Net Position End of Year</i>	\$168,908
	\$168,908

See accompanying notes to the basic financial statements

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District was created by the consolidation in 1965 of Adena, Dillonvale, Mount Pleasant, Brilliant, Smithfield and Yorkville Local School Districts, and by a merger with the Warren Consolidated School District in 1966. The School District serves an area of approximately 136 square miles encompassing most of the southern half of Jefferson County, extending west into Harrison County and south into Belmont County. It is staffed by 89 non-certified employees, 161 certified full-time teaching personnel and 18 administrative employees who provide services to 1,935 students and other community members. The School District currently operates 4 instructional buildings and 1 administrative-bus garage building.

*Reporting Entity:*

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations for which the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. The School District's only component unit is the Ohio Valley Energy Technology Academy.

The Ohio Valley Energy Technology Academy (OVETA) is a legally separate community school created under Ohio Revised Code Chapter 3314 and incorporated under Chapter 1702. The OVETA's mission, under a contractual agreement with the Buckeye Local School District (OVETA's sponsor), is to help at-risk high school students to ensure a high school diploma and prepare students for possible careers in the gas/oil industry. The OVETA will serve area high school students, grades 9-12, in a blended learning format. The targeted students will be those students at risk for not graduating and/or desire a career in the oil/gas industry. The focus of the curriculum will be online core classes (English, math, science, social studies) as well as online oilfield curriculum. The goals of the OVETA are to assist students in earning a high school diploma and oilfield certifications.

The OVETA operates under the direction of a five-member Board of Directors made up of five community members appointed by the Director of the OVETA. All governing authority members live and/or work in the Buckeye Local School District community as well as represent the interest of the Jefferson County community. The Sponsor can suspend the OVETA's operations for any of the following reasons: 1) The OVETA's failure to meet student performance requirements stated in its contract with the Sponsor, 2) OVETA's failure to meet generally accepted standards of fiscal management, 3) OVETA's violation of any provisions of the contract with the Sponsor or applicable state or federal law, 4) OVETA's failure to obtain adequate funding, 5) OVETA's

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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failure to be financially sound and/or failure to satisfy expenses, debts, and encumbrances when such liabilities come due, 6) OVETA's failure to timely pay officers, directors, administrators, employees, agents, or contractors for services rendered, or 7) other good cause. The School District may impose its will on the OVETA and the relationship between the primary government and OVETA is such that exclusion would cause the reporting entity's financial statements to be misleading. During fiscal year 2015, no material financial activity has occurred. As a result, no financial information is presented in the discretely presented component unit column.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

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

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

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

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

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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**B. Fund Accounting**

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

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

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

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

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

**C. Measurement Focus**

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

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

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

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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**D. Basis of Accounting**

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance 2016 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the Governmental Fund Financial Statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes, tuition and fees, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. See Note 11.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
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***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

***Pensions*** For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**E. Cash and Cash Equivalents and Investments**

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

During fiscal year 2015, investments were limited to nonnegotiable certificates of deposit and State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value. Fair value is based on quoted market price or current share price.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold for at June 30, 2015.

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 2015 amounted to \$904 which includes \$139 assigned from other School District funds.

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

**F. Restricted Assets**

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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**H. Inventory**

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

**I. Capital Assets**

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

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

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

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

**J. Interfund Balances**

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

**K. Compensated Absences**

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

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

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

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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

**L. Accrued Liabilities and Long-Term Obligations**

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

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

**M. Bond Premiums and Bond Issuance Costs**

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

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

**N. Internal Activity**

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

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

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

**O. Fund Balance**

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

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

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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

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

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

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

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

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

**P. Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investments in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources from local sources restricted to expenditures for student programs. Of the restricted net position none has resulted from enabling legislation.

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

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. None of these items occurred in fiscal year 2015.

**R. Estimates**

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

**S. Budgetary Data**

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

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

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

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

**NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION**

For fiscal year 2015, the School District implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

Net Position June 30, 2014	\$7,551,020
Adjustments:	
Net Pension Liability	(27,533,908)
Deferred Outflow - Payments Subsequent to Measurement Date	1,342,651
Restated Net Position June 30, 2014	(\$18,640,237)

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
4. Proceeds from and repayments of short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Inception of capital lease is a non-cash transaction which is reported on the GAAP operating statement, and not on the budgetary basis statements.
6. Deposits held for Land sale are reported as liabilities (GAAP basis) as opposed to operating transactions (budget basis).

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

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For the Fiscal Year Ended June 30, 2015

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	General
GAAP Basis	\$370,925
Revenue Accruals	(137,216)
Deposits Held for Land Sale	(60,000)
Inception of Capital Lease	(267,176)
Advances In	6,532
Tax Anticipation Note Proceeds	1,500,000
Expenditure Accruals	200,234
Debt Service Principal	(1,500,000)
Advances Out	(27,256)
Budget Basis	\$86,043

**NOTE 5 – FUND DEFICITS**

At June 30, 2015, the following funds had a deficit fund balance:

	Deficit Fund Balance
General Fund	(\$402,895)
Food Service Fund	(7,033)
Miscellaneous Federal Grant Fund	(4,539)
Title VI-B Grant Fund	(604)
Title I Grant Fund	(2,366)

The deficit in the General Fund was the result of expenditures exceeding revenues as well as the application of generally accepted accounting principles. The School District will monitor future spending. The deficits in the other funds resulted from adjustments for accrued liabilities.

**NOTE 6 - CASH AND CASH EQUIVALENTS**

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

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

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

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

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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

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

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

#### Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the bank balance was \$1,286,551. Of the bank balance \$637,145 was covered by Federal Depository Insurance and the remaining balance of \$649,406 was covered by pledged collateral with securities held by the pledging financial institution's trust department or agent. Although the securities were held by the pledging financial institution's trust department and all statutory requirements for the deposit of money had been followed, non-compliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

#### Investments

As of June 30, 2015, the School District had an investment in STAR Ohio. The fair value of STAR Ohio was \$369,030, and the investment has an average maturity of 53.4 days.

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

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

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

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2015 represents collections of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien December 31, 2013, were levied after April 1, 2014 and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Belmont, Harrison and Jefferson Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes.

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The amount available as an advance at June 30, 2015, was \$510,949 in the General Fund. The amount available as an advance at June 30, 2014, was \$337,315 in the General Fund.

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

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$166,050,800	52.5%	\$167,232,960	50.6%
Public Utility Personal	150,369,430	47.5%	163,291,900	49.4%
	\$316,420,230	100.0%	\$330,524,860	100.0%
Tax Rate per \$1,000 of assessed valuation		\$27.50		\$27.50

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2015 consisted of property taxes, interfund, intergovernmental grants, and tuition and fees. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$505,978 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

<u>Government Activities:</u>	<u>Amounts</u>
IDEA B Grant	\$3,101
Title I Grant	33,830
Title II-A Grant	34,801
State Precshool Grants	20,580
Straight A Grant	3,500
21st Century Grant	42,616
Medicaid	893
Excess Costs from Other Districts	37,762
Total Intergovernmental Receivables	\$177,083

**Buckeye Local School District**  
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**NOTE 9 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance at 6/30/14	Additions	Deletions	Balance at 6/30/15
Capital Assets - Not Depreciated:				
Land	\$576,897	\$0	\$0	\$576,897
Capital Assets - Depreciated:				
Land Improvements	976,660	0	0	976,660
Buildings and Improvements	17,719,122	33,510	(136,952)	17,615,680
Furniture and Equipment	1,165,577	50,676	(74,975)	1,141,278
Vehicles	1,927,100	246,276	(76,764)	2,096,612
Total Capital Assets - Depreciated	21,788,459	330,462	(288,691)	21,830,230
Less Accumulated Depreciation:				
Land Improvements	(821,006)	(10,771)	0	(831,777)
Buildings and Improvements	(9,524,464)	(339,532)	1,832	(9,862,164)
Furniture and Equipment	(882,210)	(43,346)	56,363	(869,193)
Vehicles	(1,424,144)	(97,673)	66,924	(1,454,893)
Total Accumulated Depreciation	(12,651,824)	(491,322)	125,119	(13,018,027)
Total Capital Assets - Depreciated, Net	9,136,635	(160,860)	(163,572)	8,812,203
Governmental Capital Assets, Net	\$9,713,532	(\$160,860)	(\$163,572)	\$9,389,100

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$174,935
Special	44,139
Vocational	32,613
Support Services:	
Instructional Staff	47,535
Board of Education	445
Administration	36,857
Operation and Maintenance of Plant	50,548
Pupil Transportation	97,221
Food Service Operations	1,737
Extracurricular Activities	5,292
Total Depreciation Expense	<u>\$491,322</u>

**Buckeye Local School District**  
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**NOTE 10 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015 the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage's, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 19). The Buckeye Local School District contracted with the Ohio School Plan for liability, property and fleet insurance. The type and amount of coverage provided by Ohio School Plan follows:

Commercial Property Coverage - Blanket	\$70,636,672
Property Deductible	1,000
Auto Liability - Combined Single Limit	2,000,000
Uninsured Motorists	1,000,000
Medical Payments	5,000
Comprehensive (ACV) and Towing	buses 1,000 deductible
Collision (ACV)	buses 1,000 deductible
Hired and Non-Owned Liability	75,000
Educational General Liability:	
Bodily Injury and Property Damage - Each	
Occurrence Limit and Sexual Abuse Injury - Each Sexual	
Abuse Offense Limit (\$1,000 Bodily Injury Deductible)	\$2,000,000
Personal and Advertising Injury - Each Offense Limit	2,000,000
Fire Damage - Any One Event Limit	500,000
Medical Expense - Any One Person Limit	10,000
General Aggregate Limit	4,000,000
Employers Liability:	
Bodily Injury by Accident - Each Accident Limit	2,000,000
Bodily Injury by Disease - Endorsement Limit	2,000,000
Bodily Injury by Disease - Each Employee Limit	2,000,000
Employee Benefits Liability:	
Each Offense Limit	2,000,000
Aggregate Limit	4,000,000
Educational Legal Liability :	
Errors and Omissions Injury Limit (\$2,500 Deductible)	2,000,000
Errors and Omissions Injury Aggregate Limit	4,000,000
Crime Coverage:	
Employee Theft (\$1,000 deductible)	100,000
Cyber Coverage:	
Computer Crime Aggregate Limit (\$100,000 Deductible)	1,000,000

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

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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**Workers' Compensation**

For Fiscal Year 2015, the School District participated in the Ohio Schools Council Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice, Inc. provides administrative, cost control, and actuarial services to the GRP.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions— between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of employer school district, because (1) they benefit from employee services; and (2) State Statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State Statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

***Plan Description – School Employees Retirement System (SERS)***

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about the SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017*	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$304,857 for fiscal year 2015. The full amount has been contributed for fiscal year 2015.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 and five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five year of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore as included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before services retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability 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 – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$1,159,826 for fiscal year 2015. Of this amount \$191,504 is reported as an intergovernmental payable.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$3,958,770	\$19,209,556	\$23,168,326
Proportion of the Net Pension Liability	0.07822200%	0.07897542%	
Pension Expense	\$231,021	\$723,782	\$954,803

At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$33,693	\$184,934	\$218,627
School District contributions subsequent to measurement date	<u>304,857</u>	<u>1,159,826</u>	<u>1,464,683</u>
Total Deferred Outflows of Resources	<u>\$338,550</u>	<u>\$1,344,760</u>	<u>\$1,683,310</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$642,520</u>	<u>\$3,553,841</u>	<u>\$4,196,361</u>

\$1,464,683 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2016	(\$152,122)	(\$842,227)	(\$994,349)
2017	(152,122)	(842,227)	(994,349)
2018	(152,122)	(842,227)	(994,349)
2019	<u>(152,461)</u>	<u>(842,226)</u>	<u>(994,687)</u>
Total	<u>(\$608,827)</u>	<u>(\$3,368,907)</u>	<u>(\$3,977,734)</u>

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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***Actuarial Assumption - SERS***

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4 percent to 22 percent
COLA or ad hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

**Buckeye Local School District**  
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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

**Discount Rate** The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State Statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$5,647,990	\$3,958,770	\$2,537,992

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected Salary Increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living-Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013 or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	Target <u>Allocation</u>	Long-Term Expected <u>Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	3.00
Total	<u>100.00 %</u>	

**Discount Rate** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all period of projected benefit payment to determine the total pension liability as of June 30, 2014.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease <u>(6.75%)</u>	Current Discount Rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
School District's proportionate share of the net pension liability	\$27,500,573	\$19,209,556	\$12,198,145

**Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2015, three members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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**NOTE 12 - POSTEMPLOYMENT BENEFITS**

***School Employees Retirement System***

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State Statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the School District's surcharge obligation was \$36,990.

The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$17,544, \$2,873, and \$3,262, respectively; 100 percent has been contributed for fiscal years 2015, 2014, and 2013.

***State Teachers Retirement System***

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$84,875, and \$87,023 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
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**NOTE 13 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

**B. Insurance Benefits**

The School District provides hospitalization and major medical and prescription drug coverage for all eligible employees through the Health Plan HMO. The monthly premium is \$1,578.14 for a family plan and \$544.19 for a single plan. The Board of Education pays 90 percent of the premiums for the certified staff. The classified staff contributes \$45 a month towards the premium for both the single and family coverage.

The School District also provides life insurance and accidental death and dismemberment insurance in the amount of \$30,000 per employee and dental coverage through CoreSource Inc. The Board pays 100 percent of the monthly premiums of \$44.19 for family coverage and \$13.18 for single coverage for the dental coverage for the classified staff and 90 percent of the premiums for the certified staff. The Board pays 100 percent of the monthly premium of \$2.85 for the life insurance coverage for all employees.

**NOTE 14 – FUND OBLIGATIONS**

The School District issued a \$1,500,000 tax anticipation note for operations on December 15, 2014. The note was issued with a 2.00 percent interest rate, and was issued in anticipation of property tax receipts, and was backed by the full faith and credit of the School District. The note was fully repaid on April 15, 2015.

**NOTE 15 – CAPITAL LEASES – LESSEE DISCLOSURE**

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

Equipment and vehicles acquired by lease has been capitalized in the government wide statements governmental activities in the amount of \$297,476 which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government wide statements governmental activities. Governmental activities capitalized leases assets are reflected net of accumulation depreciation in the amount of \$260,870. Principal payments towards capital leases during fiscal year 2015 totaled \$92,435 for governmental activities.

Future minimum lease payments through fiscal year 2020 are as follows:

**Buckeye Local School District**  
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Fiscal Year	Governmental Activities	
	Principal	Interest
2016	\$90,532	\$6,083
2017	88,545	3,450
2018	4,485	975
2019	5,007	453
2020	1,340	25
Total	\$189,909	\$10,986

**NOTE 16 - LONG - TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2015 were as follows:

	Outstanding 6/30/14	Additions	Reductions	Outstanding 6/30/15	Amounts Due Within One Year
<b>General Obligation Bonds:</b>					
2013 Energy Conservation and School Improvements Bonds \$885,000 Term Bonds @ 1.0%-3.80% Premium - \$2,865	\$885,000 2,596	\$0 0	\$60,000 179	\$825,000 2,417	\$65,000 0
Total General Obligation Bonds	887,596	0	60,179	827,417	65,000
Net Pension Liability:					
STRS	22,882,297	0	3,672,741	19,209,556	0
SERS	4,651,611	0	692,841	3,958,770	0
Total Net Pension	27,533,908	0	4,365,582	23,168,326	0
Capital Leases	15,168	267,176	92,435	189,909	90,532
Compensated Absences	1,267,474	229,739	232,763	1,264,450	129,959
Total General Long-Term Obligations	\$29,704,146	\$496,915	\$4,750,959	\$25,450,102	\$285,491

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

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

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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

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

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

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

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

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

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

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

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

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

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

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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

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

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

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

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

Principal and interest requirements to retire the remaining term bonds for the 2013 Energy Conservation and School Improvement Bonds outstanding at June 30, 2015 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$65,000	\$18,862	\$83,862
2017	65,000	18,002	83,002
2018	65,000	16,994	81,994
2019	65,000	15,840	80,840
2020	50,000	14,690	64,690
2021-2025	270,000	54,580	324,580
2026-2029	245,000	14,925	259,925
Total	\$825,000	\$153,893	\$978,893

The School District has entered into capital leases for equipment and vehicles. These leases will be repaid through the General Fund.  
Compensated absences will be paid from the General Fund.

The School District pays obligations related to employee compensation from the fund benefitting from their service.

The School District's overall legal debt margin was \$28,922,237, with an unvoted debt margin of \$330,525 at June 30, 2015.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

**NOTE 17 – INTERNAL BALANCES AND TRANSFERS**

A. Interfund Balances

Interfund balances at June 30, 2015 consist of the following individual interfund receivables and payables:

	<u>Interfund Receivable</u>
<u>Interfund Payable</u>	<u>General Fund</u>
Other Nonmajor Governmental Funds	\$27,256

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

B. Transfers

Interfund transfers for the year ended June 30, 2015 consisted of the following:

	<u>Transfers to</u>
	Other Nonmajor
<u>Transfers from</u>	Governmental
General Fund	\$79,550

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

**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS**

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

*Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council)* - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each participants control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2015, the total amount paid to OME-RESA from the School District was \$935 for cooperative gas purchasing service administrative fees, \$22,209 for technology services and \$33,012 for financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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

The Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. The School District’s membership fee was \$325 for fiscal year 2015.

*Ohio Schools Council (OSC)* – The Ohio Schools Council is a regional council of governments created under ORC 167, created by school districts for the purpose of saving dollars through volume purchases. OSC’s membership has grown to 200 school districts, educational service centers, joint vocational districts, and developmental disabilities boards located in 33 counties. Each participant supports the OSC by paying an annual participation fee. Each participating School District’s superintendent serves as a representative of the Assembly. The Assembly elects a nine member Board of Directors (Board) which is the policy making authority of the OSC. The Board appoints an Executive Director to oversee operations of the OSC. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and the designation of management. Each participants control is limited to its representation on the Board. During fiscal year 2015, the School District paid \$537 the OSC. Financial information can be obtained by contacting William J. Zelei, the Executive Director at the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

**NOTE 19 – PUBLIC ENTITY POOL**

**Insurance Purchasing Pool**

*Ohio Schools Council Workers’ Compensation Group Rating Program (GRP)* – The School District participates in the Ohio Schools Council Workers’ Compensation Group Rating Program, an insurance purchasing pool. The GRP is comprised of a seven member Board of the Ohio Schools Council (Council). The Board governs and administers the pool. Each member’s control over the budgeting and financing of the pool is limited to its voting authority and any representation it may have on the Board. The Council has contracted with Sheakley to provide third-party administration of the GRP. Each year, the participating school districts are required to be a member of the Ohio Schools Council, and pay their required membership, as well as pay an enrollment fee to Sheakley Uniservice, Inc. to cover the costs of administration of the program. In fiscal year 2015, the School District’s enrollment fee of \$935 was paid to Sheakley Uniservice, Inc.

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

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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**NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

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

	<u>Capital Improvements</u>
Set-aside Restricted Balance as of June 30, 2014	\$0
Current Year Set-aside Requirement	321,626
Current Year Qualifying Expenditures	<u>(377,474)</u>
Totals	<u>(\$55,848)</u>
Balance Carried Forward to Fiscal Year 2016	<u>\$0</u>
Set-aside Restricted Balance as of June 30, 2015	<u>\$0</u>

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

**NOTE 21 – CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2015.

**B. Foundation**

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school district, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the school district; therefore, the financial statement impact is not fully determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School District.

**Buckeye Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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**C. Litigation**

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

**D. Lease**

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

**Required  
Supplementary  
Information**

**Buckeye Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*School Employees Retirement System of Ohio*  
*Last Two Fiscal Years (1)*

	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.078222%	0.078222%
School District's Proportionate Share of the Net Pension Liability	\$3,958,770	\$4,651,611
School District's Covered-Employee Payroll	\$2,272,979	\$2,031,130
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	174.17%	229.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

**Buckeye Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*State Teachers Retirement System of Ohio*  
*Last Two Fiscal Years (1)*

	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.07897542%	0.07897542%
School District's Proportionate Share of the Net Pension Liability	\$19,209,556	\$22,882,297
School District's Covered-Employee Payroll	\$7,904,738	\$8,217,057
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	243.01%	278.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

**Buckeye Local School District**  
*Required Supplementary Information*  
*Schedule of School District's Contributions*  
*School Employees Retirement System of Ohio*  
*Last Eight Fiscal Years (1)*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$304,857	\$315,035	\$281,108	\$275,281
Contributions in Relation to the Contractually Required Contribution	<u>(304,857)</u>	<u>(315,035)</u>	<u>(281,108)</u>	<u>(275,281)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$2,313,027	\$2,272,979	\$2,031,130	\$2,046,701
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%

(1) Information prior to 2008 is not available.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$280,680	\$384,994	\$252,607	\$208,880
<u>(280,680)</u>	<u>(384,994)</u>	<u>(252,607)</u>	<u>(208,880)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,232,938	\$2,843,380	\$2,567,140	\$2,127,085
12.57%	13.54%	9.84%	9.82%

**Buckeye Local School District**  
*Required Supplementary Information*  
*Schedule of School District's Contributions*  
*State Teachers Retirement System of Ohio*  
*Last Ten Fiscal Years*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$1,159,826	\$1,027,616	\$1,068,217	\$1,105,299
Contributions in Relation to the Contractually Required Contribution	<u>(1,159,826)</u>	<u>(1,027,616)</u>	<u>(1,068,217)</u>	<u>(1,105,299)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$8,284,471	\$7,904,738	\$8,217,057	\$8,502,300
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$1,134,653	\$1,126,674	\$1,139,066	\$1,135,582	\$1,094,945	\$1,034,848
<u>(1,134,653)</u>	<u>(1,126,674)</u>	<u>(1,139,066)</u>	<u>(1,135,582)</u>	<u>(1,094,945)</u>	<u>(1,034,848)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$8,728,100	\$8,666,721	\$8,762,043	\$8,735,243	\$8,422,657	\$7,960,371
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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December 22, 2015

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Local School District, Jefferson County, Ohio (the School District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 22, 2015 in which we noted the School District restated net position to account for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*.

**Internal Control over Financial Reporting**

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

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Rea & Associates, Inc.*

New Philadelphia, Ohio

December 22, 2015

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

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

**Report on Compliance for Each Major Federal Program**

We have audited Buckeye Local School District's, Jefferson County, Ohio (the School District), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2015. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

### **Report on Internal Control over Compliance**

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

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

*Rea & Associates, Inc.*

New Philadelphia, Ohio

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Number	Federal Receipts	Federal Disbursements
<b>U. S. Department of Agriculture</b>				
<i>Passed Through Ohio Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
<i>Non-Cash Assistance:</i>				
National School Lunch Program	(C)	10.555	\$ 49,419	\$ 49,419
<i>Cash Assistance:</i>				
School Breakfast Program	(B)	10.553	145,234	145,234
National School Lunch Program	(B)	10.555	363,441	363,441
Total Cash Assistance			<u>508,675</u>	<u>508,675</u>
<i>Total Nutrition Cluster</i>			<u>558,094</u>	<u>558,094</u>
National School Lunch Program - Equipment Grant		10.579	<u>6,201</u>	<u>6,201</u>
<b>Total U.S. Department of Agriculture</b>			<u><b>564,295</b></u>	<u><b>564,295</b></u>
<b>U. S. Department of Education</b>				
<i>Direct:</i>				
Physical Education Grant		84.215	24,648	24,648
<i>Passed Through Ohio Department of Education:</i>				
Title I		84.010	40,214	40,214
Title I		84.010	517,505	517,505
Total Title I			<u>557,719</u>	<u>557,719</u>
<i>Special Education Cluster</i>				
Title VI-B		84.027	1,498	320
Title VI-B		84.027	492,318	492,318
Total Title VI-B			<u>493,816</u>	<u>492,638</u>
Early Childhood Special Education		84.173	2,197	2,197
Early Childhood Special Education		84.173	19,697	19,697
Total Early Childhood Special Education			<u>21,894</u>	<u>21,894</u>
<i>Total Special Education Cluster</i>			<u>515,710</u>	<u>514,532</u>
Title II-A		84.367	16,745	16,480
Title II-A		84.367	155,172	156,416
Total Title II-A			<u>171,917</u>	<u>172,896</u>
21st Century Grant		84.287	28,990	27,597
21st Century Grant		84.287	307,384	330,462
Total 21st Century Grant			<u>336,374</u>	<u>358,059</u>
<b>Total U.S. Department of Education</b>			<u><b>1,606,368</b></u>	<u><b>1,627,854</b></u>
<b>Total Federal Assistance</b>			<u><b>\$ 2,170,663</b></u>	<u><b>\$ 2,192,149</b></u>

See accompanying notes to the schedule of expenditures of federal awards.

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY, OHIO  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**Note A – Significant Accounting Policies**

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

**Note B - Child Nutrition Cluster**

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

**Note C – Food Donation Program**

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

**Note D – Ohio Bureau of Workers’ Compensation Rebate**

Ohio’s workers’ compensation system serves as an insurance program for both employers and employees alike. For those who contribute premiums, the Ohio Bureau of Workers’ Compensation (BWC) covers the payment of compensation and medical costs related to industrial accidents and diseases. The BWC invested contributions over a three-year period which generated a greater than anticipated return. In September 2014, the Ohio BWC Board of Directors authorized a \$1 billion rebate for more than 210,000 public and private entities paying into Ohio’s workers’ compensation system. Each employer’s rebate reflected 60% of what they were billed during the last policy period (2012 calendar year for public-taxing districts). Using policy year 2012 as the base year for calculation, the School District allocated its BWC rebate back to all funds, including Federal funds, providing the source of initial premium payments to the BWC. The subsequent expenditure of the rebate attributable to Federal programs is reflected on the School District’s Schedule as a negative expenditure.

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY, OHIO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133, SECTION .505  
JUNE 30, 2015**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other significant deficiency conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Was there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list): Special Education Cluster: Title VI-B Early Childhood Special Education Title I 21st Century Grant	CFDA #84.027 CFDA #84.173 CFDA #84.010 CFDA #84.287
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	No

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY, OHIO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133, SECTION .505  
JUNE 30, 2015  
(Continued)**

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None



# Dave Yost • Auditor of State

**BUCKEYE LOCAL SCHOOL DISTRICT**

**JEFFERSON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 12, 2016**