



Rea & associates *a brighter way*

Buckeye Local School District

Jefferson County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2017



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Buckeye Local School District, Jefferson County, prepared by Rea & Associates, Inc., for the audit period July 1, 2016 through June 30, 2017. 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. 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

February 9, 2018

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

JUNE 30, 2017

Table of Contents

	<i>Page</i>
Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	18
Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund	20
Statement of Fiduciary Net Position – Fiduciary Funds	21
Statement of Changes in Fiduciary Net Position – Fiduciary Fund.....	22
Notes to the Basic Financial Statements.....	23

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

JUNE 30, 2017

*Table of Contents
(Continued)*

	<i>Page</i>
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability – School Employees Retirement System of Ohio.....	58
Schedule of the School District's Proportionate Share of the Net Pension Liability – State Teachers Retirement System of Ohio.....	59
Schedule of School District Contributions – School Employees Retirement System of Ohio	60
Schedule of School District Contributions – State Teachers Retirement System of Ohio	62
Notes to Required Supplementary Information.....	64
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 <i>Government Auditing Standards</i>	65
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	67
Schedule of Expenditures of Federal Awards	69
Notes to the Schedule of Expenditures of Federal Awards	70
Schedule of Findings and Questioned Costs	71

December 29, 2017

The Board of Education
Buckeye Local School District
Jefferson County, Ohio
6899 State 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, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2017, 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 Matter

As described in Note 3, the School District changed the reporting entity in the financial statements for the year ending June 30, 2017 to exclude a previously reported discretely presented component unit. The School District previously reported the Ohio Valley Energy Technology Academy (the Academy) as a discretely presented component unit, however, the Academy ceased operations effective June 2, 2017 and was has been excluded from the year ending June 30, 2017 financial statements as its activities were determined to be immaterial. 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 Contributions* on pages 4-11, 58-59, and 60-63, 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 *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, 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 29, 2017 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, 2017
Unaudited

The discussion and analysis of the Buckeye Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. 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 2017 are as follows:

- Net position of governmental activities decreased \$1,255,474.
- General revenues accounted for \$18,089,999 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 \$3,894,939 or approximately 18 percent of total revenues of \$21,984,938.
- Total assets of governmental activities increased \$296,771. Current assets increased by \$648,706 primarily due to an increase in property taxes receivable. Capital assets decreased \$351,935 primarily due to annual depreciation expense, which was slightly offset by capital asset additions.
- The School District had \$23,240,412 in expenses related to governmental activities; only \$3,894,939 of these expenses were offset by program specific charges for services and operating grants and contributions. General revenues of \$18,089,999 were not adequate to provide for these programs.
- Total governmental funds had \$22,138,600 in revenues and \$21,940,331 in expenditures. Overall, including other financing sources and uses, the total governmental fund balances increased \$313,199.

Using this Annual Financial Report

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

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

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2017?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and 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 those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 16. 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, 2017
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 2017 compared to 2016.

Table 1
Net Position
Governmental Activities

	2017	2016	Change
Assets			
Current and Other Assets	\$10,267,363	\$9,618,657	\$648,706
Capital Assets	8,662,925	9,014,860	(351,935)
Total Assets	18,930,288	18,633,517	296,771
Deferred Outflows of Resources			
Pension	6,128,660	2,558,211	3,570,449
Liabilities			
Current and Other Liabilities	2,268,449	2,382,710	(114,261)
Long-Term Liabilities:			
Due Within One Year	214,501	286,860	(72,359)
Due in More Than One Year:			
Net Pension Liability	32,145,642	25,812,388	6,333,254
Other Amounts	2,149,217	1,986,759	162,458
Total Liabilities	36,777,809	30,468,717	6,309,092
Deferred Inflows of Resources			
Property Taxes	8,168,762	7,565,415	603,347
Pension	292,905	2,082,650	(1,789,745)
Total Deferred Inflows of Resources	8,461,667	9,648,065	(1,186,398)
Net Position (Deficit)			
Net Investment in Capital Assets	7,842,549	8,147,160	(304,611)
Restricted	156,874	237,144	(80,270)
Unrestricted	(28,179,951)	(27,309,358)	(870,593)
Total Net Position (Deficit)	(\$20,180,528)	(\$18,925,054)	(\$1,255,474)

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2017 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." 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 and subtracting deferred outflows related to pension.

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, 2017
Unaudited

GASB 68 requires the net pension liability to equal 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 not accounted for as deferred inflows/outflows.

Total assets of governmental activities increased \$296,771. As indicated previously, current assets increased by \$648,706 primarily due to an increase in property taxes receivable. The increase in property taxes receivable is due to an increase in public utility personal property taxes for a gas and oil pipeline. Capital assets decreased \$351,935 due primarily to annual depreciation expense and were offset by capital asset additions for the football stadium lighting project.

The School District's total liabilities increased \$6,309,092. Long-term liabilities increased \$6,423,353, primarily due to an increase in net pension liability. Current and other liabilities decreased slightly as a result of decreases in accrued wages and benefits which were offset by increases in matured severance payable. In addition, changes to deferred outflows/inflows of resources related to GASB 68.

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Table 2 shows the changes in net position for the fiscal year 2017 compared to fiscal year 2016.

Table 2			
Changes in Net Position			
Governmental Activities			
	2017	2016	Change
Revenues			
Program Revenues			
Charges for Services	\$901,200	\$830,824	\$70,376
Operating Grants and Contributions	2,993,739	3,066,144	(72,405)
Total Program Revenues	3,894,939	3,896,968	(2,029)
General Revenues			
Property Taxes	8,656,964	8,127,526	529,438
Grants and Entitlements not Restricted to Specific Programs	9,247,657	9,425,706	(178,049)
Others	185,378	77,409	107,969
Total General Revenues	18,089,999	17,630,641	459,358
Total Revenues	21,984,938	21,527,609	457,329
Program Expenses			
Instruction			
Regular	10,371,349	9,837,766	533,583
Special	3,399,161	2,935,190	463,971
Vocational	475,507	429,284	46,223
Student Intervention Services	55,280	91,820	(36,540)
Support Services:			
Pupil	738,001	832,051	(94,050)
Instructional Staff	255,127	307,364	(52,237)
Board of Education	78,046	76,102	1,944
Administration	2,004,440	1,786,346	218,094
Fiscal	509,965	545,105	(35,140)
Business	43,368	41,708	1,660
Operation and Maintenance of Plant	2,128,489	2,072,329	56,160
Pupil Transportation	1,780,793	1,897,798	(117,005)
Central	139,800	147,241	(7,441)
Operation of Non-Instructional Services	6,575	5,951	624
Food Service Operations	718,586	755,577	(36,991)
Extracurricular Activities	484,294	398,915	85,379
Interest and Fiscal Charges	51,631	32,476	19,155
Total Expenses	23,240,412	22,193,023	1,047,389
Change in Net Position	(1,255,474)	(665,414)	(590,060)
Net Position (Deficit) Beginning of Year	(18,925,054)	(18,259,640)	(665,414)
Net Position (Deficit) End of Year	(\$20,180,528)	(\$18,925,054)	(\$1,255,474)

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

For fiscal year 2017, 39 percent of the School District's revenues were from property taxes and 42 percent were from unrestricted grants and entitlements. Program revenue remained relatively constant with the prior fiscal year.

Instructional programs comprise approximately 62 percent of total governmental program expenses. Of the instructional expenses, approximately 73 percent is for regular instruction; approximately 24 percent is for special instruction; and approximately 3 percent for vocational instruction. Total expenses increased approximately 5 percent from the prior fiscal year, most significantly for regular and special instruction due to rising cost of operations and changes in pension expense under GASB 68.

The Statement of Activities shows the cost of program services and the charges for services, and operating grants and contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2017 compared to fiscal year 2016. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Instruction				
Regular	\$10,371,349	\$9,837,766	\$9,504,254	\$9,038,969
Special	3,399,161	2,935,190	1,597,083	1,260,812
Vocational	475,507	429,284	282,193	241,321
Student Intervention Services	55,280	91,820	32,039	38,343
Support Services:				
Pupil	738,001	832,051	691,960	682,831
Instructional Staff	255,127	307,364	196,628	247,504
Board of Education	78,046	76,102	78,046	76,102
Administration	2,004,440	1,786,346	1,962,576	1,730,134
Fiscal	509,965	545,105	509,965	545,105
Business	43,368	41,708	43,368	41,708
Operation and Maintenance of Plant	2,128,489	2,072,329	2,105,154	2,029,268
Pupil Transportation	1,780,793	1,897,798	1,777,793	1,883,799
Central	139,800	147,241	139,800	147,241
Operation of Non-Instructional Services	6,575	5,951	0	756
Food Service Operations	718,586	755,577	8,390	29,956
Extracurricular Activities	484,294	398,915	364,593	269,730
Interest and Fiscal Charges	51,631	32,476	51,631	32,476
Total Expenses	\$23,240,412	\$22,193,023	\$19,345,473	\$18,296,055

The dependence upon tax revenues and state subsidies for governmental activities is apparent, as 83 percent of expenses are supported through taxes and other general revenues.

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

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 \$19,760,665 in revenues and \$19,516,688 in expenditures. Overall, including other financing sources and uses, the General Fund's balance increased \$275,906.

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 2017 the School District amended its General Fund estimated resources and original appropriations, and the budgetary statements reflect both the original and final amounts. The changes between the original and final budget reflected increases for estimated property taxes and decreases for intergovernmental revenues; final appropriations reflected notable increases in regular instruction. The actual results of operations were different than the budgeted amounts as total revenue realized was only slightly less than estimated, whereas overall spending was less than budgeted.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the School District had \$8,662,925 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	
	2017	2016
Land	\$576,897	\$576,897
Land Improvements	141,447	153,958
Buildings and Improvements	7,208,079	7,430,898
Furniture and Equipment	255,777	294,206
Vehicles	480,725	558,901
Totals	\$8,662,925	\$9,014,860

Debt

At June 30, 2017, the School District had \$697,059 of energy conservation general obligation bonds outstanding, including premiums, with \$65,000 due within one year. The School District also had \$125,376 outstanding in capital leases with \$16,113 due within one year.

Buckeye Local School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2017
 Unaudited

Table 5 summarizes bonds and capital leases outstanding:

	Governmental Activities	
	2017	2016
2013 Energy Conservation and School Improvement Bonds		
Term Bonds	\$695,000	\$760,000
Bond Premium	2,059	2,238
Total Energy Conservation and School Improvement Bonds	697,059	762,238
Capital Leases	125,376	107,700
Total	\$822,435	\$869,938

See Note 16 for more detailed information on the School District's debt and other long-term obligations, including compensated absences and the net pension liability.

Economic Factors

As the preceding information indicates, the School District depends heavily on the property taxpayers. For fiscal year 2017, property tax revenue comprised 39 percent of the School District's revenue sources, while unrestricted grants and entitlements comprised 42 percent.

The School District continues to use resources for professional development and continued education in order to offer our students with the best education possible in the 21st century.

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 Merri Matthews, Treasurer/CFO at Buckeye Local School District, 6899 State Route 150, Dillonvale, Ohio 43917.

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Basic Financial Statements

Buckeye Local School District
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$761,155
Intergovernmental Receivable	290,699
Prepaid Items	1,441
Materials and Supplies Inventory	14,895
Property Taxes Receivable	9,199,173
Non-Depreciable Capital Assets	576,897
Depreciable Capital Assets, Net	8,086,028
<i>Total Assets</i>	18,930,288
Deferred Outflows of Resources	
Pension	6,128,660
Liabilities	
Accounts Payable	34,493
Accrued Wages and Benefits Payable	1,771,672
Intergovernmental Payable	415,554
Matured Severance Payable	45,292
Accrued Interest Payable	1,438
Long-Term Liabilities:	
Due Within One Year	214,501
Due In More Than One Year:	
Net Pension Liability (See Note 11)	32,145,642
Other Amounts Due in More Than One Year	2,149,217
<i>Total Liabilities</i>	36,777,809
Deferred Inflows of Resources	
Property Taxes	8,168,762
Pension	292,905
<i>Total Deferred Inflows of Resources</i>	8,461,667
Net Position (Deficit)	
Net Investment in Capital Assets	7,842,549
Restricted for:	
Capital Projects	2,197
Bus Purchase	5,959
Federal Programs	10,662
State Programs	20,498
Other Purposes	117,558
Unrestricted	(28,179,951)
<i>Total Net Position (Deficit)</i>	(\$20,180,528)

See accompanying notes to the basic financial statements

Buckeye Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2017

	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Instruction:				
Regular	\$10,371,349	\$629,996	\$237,099	(\$9,504,254)
Special	3,399,161	0	1,802,078	(1,597,083)
Vocational	475,507	0	193,314	(282,193)
Student Intervention Services	55,280	0	23,241	(32,039)
Support Services:				
Pupil	738,001	0	46,041	(691,960)
Instructional Staff	255,127	0	58,499	(196,628)
Board of Education	78,046	0	0	(78,046)
Administration	2,004,440	0	41,864	(1,962,576)
Fiscal	509,965	0	0	(509,965)
Business	43,368	0	0	(43,368)
Operation and Maintenance of Plant	2,128,489	14,774	8,561	(2,105,154)
Pupil Transportation	1,780,793	0	3,000	(1,777,793)
Central	139,800	0	0	(139,800)
Operation of Non-Instructional Services	6,575	0	6,575	0
Food Service Operations	718,586	136,729	573,467	(8,390)
Extracurricular Activities	484,294	119,701	0	(364,593)
Interest and Fiscal Charges	51,631	0	0	(51,631)
<i>Total Governmental Activities</i>	<u>\$23,240,412</u>	<u>\$901,200</u>	<u>\$2,993,739</u>	<u>(19,345,473)</u>
General Revenues				
Property Taxes Levied for General Purposes				8,656,964
Grants and Entitlements not Restricted to Specific Programs				9,247,657
Investment Earnings				1,854
Gifts and Donations				41,869
Miscellaneous				141,655
<i>Total General Revenues</i>				<u>18,089,999</u>
Change in Net Position				(1,255,474)
<i>Net Position (Deficit) Beginning of Year</i>				<u>(18,925,054)</u>
<i>Net Position (Deficit) End of Year</i>				<u><u>(\$20,180,528)</u></u>

See accompanying notes to the basic financial statements

Buckeye Local School District
Balance Sheet
Governmental Funds
June 30, 2017

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$595,723	\$159,473	\$755,196
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	5,959	0	5,959
Receivables:			
Property Taxes	9,199,173	0	9,199,173
Intergovernmental	87,480	203,219	290,699
Interfund	12,764	0	12,764
Prepaid Items	1,441	0	1,441
Materials and Supplies Inventory	14,895	0	14,895
<i>Total Assets</i>	<u>\$9,917,435</u>	<u>\$362,692</u>	<u>\$10,280,127</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$34,493	\$0	\$34,493
Accrued Wages and Benefits Payable	1,576,549	195,123	1,771,672
Interfund Payable	0	12,764	12,764
Intergovernmental Payable	384,954	30,600	415,554
Matured Severance Payable	45,292	0	45,292
<i>Total Liabilities</i>	<u>2,041,288</u>	<u>238,487</u>	<u>2,279,775</u>
Deferred Inflows of Resources			
Property Taxes	8,168,762	0	8,168,762
Unavailable Revenue	472,423	40,575	512,998
<i>Total Deferred Inflows of Resources</i>	<u>8,641,185</u>	<u>40,575</u>	<u>8,681,760</u>
Fund Balances (Deficit)			
Nonspendable:			
Materials and Supplies Inventory	14,895	0	14,895
Prepaid Items	1,441	0	1,441
Restricted for:			
Bus Purchase	5,959	0	5,959
Capital Projects	0	2,197	2,197
State Programs	0	20,498	20,498
Local Programs	0	117,558	117,558
Unassigned	(787,333)	(56,623)	(843,956)
<i>Total Fund Balances (Deficit)</i>	<u>(765,038)</u>	<u>83,630</u>	<u>(681,408)</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$9,917,435</u>	<u>\$362,692</u>	<u>\$10,280,127</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, 2017*

Total Governmental Fund Balances (861,408)

*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. 8,662,925

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	40,575
Tuition and Fees	48,307
Property Taxes	424,116

Total 512,998

In the Statement of Activities, interest is accrued on outstanding general
obligation bonds, whereas in governmental funds, an interest expenditure
is reported when due. (1,438)

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

General Obligation Bonds - Term	695,000
Bond Premium	2,059
Capital Leases	125,376
Compensated Absences	1,541,283

Total (2,363,718)

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 Outflows - Pension	6,128,660
Net Pension Liability	(32,145,642)
Deferred Inflows - Pension	(292,905)

Total (26,309,887)

Net Position (Deficit) of Governmental Activities (\$20,180,528)

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, 2017

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$8,701,597	\$0	\$8,701,597
Intergovernmental	10,239,107	2,109,450	12,348,557
Interest	1,434	420	1,854
Tuition and Fees	626,429	5,435	631,864
Extracurricular Activities	18,835	100,866	119,701
Rent	14,774	0	14,774
Gifts and Donations	16,834	25,035	41,869
Charges for Services	0	136,729	136,729
Pipeline Right of Way	64,600	0	64,600
Miscellaneous	77,055	0	77,055
<i>Total Revenues</i>	<u>19,760,665</u>	<u>2,377,935</u>	<u>22,138,600</u>
Expenditures			
Current:			
Instruction:			
Regular	9,503,854	270,909	9,774,763
Special	2,122,050	1,043,467	3,165,517
Vocational	425,153	0	425,153
Student Intervention Services	24,260	24,791	49,051
Support Services:			
Pupil	650,981	49,112	700,093
Instructional Staff	132,163	61,500	193,663
Board of Education	76,820	0	76,820
Administration	1,743,083	43,413	1,786,496
Fiscal	496,423	0	496,423
Business	43,368	0	43,368
Operation and Maintenance of Plant	2,006,689	10,848	2,017,537
Pupil Transportation	1,616,589	3,200	1,619,789
Central	132,290	0	132,290
Operation of Non-Instructional Services	0	6,575	6,575
Food Service Operations	0	699,975	699,975
Extracurricular Activities	296,889	126,852	423,741
Capital Outlay	114,930	0	114,930
Debt Service:			
Principal Retirement	97,254	65,000	162,254
Interest and Fiscal Charges	33,892	18,001	51,893
<i>Total Expenditures</i>	<u>19,516,688</u>	<u>2,423,643</u>	<u>21,940,331</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>243,977</u>	<u>(45,708)</u>	<u>198,269</u>
Other Financing Sources (Uses)			
Inception of Capital Lease	114,930	0	114,930
Transfers In	0	83,001	83,001
Transfers Out	(83,001)	0	(83,001)
<i>Total Other Financing Sources (Uses)</i>	<u>31,929</u>	<u>83,001</u>	<u>114,930</u>
<i>Net Change in Fund Balances</i>	275,906	37,293	313,199
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(1,040,944)</u>	<u>46,337</u>	<u>(994,607)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$765,038)</u>	<u>\$83,630</u>	<u>(\$681,408)</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, 2017*

Net Change in Fund Balances - Total Governmental Funds \$313,199

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	114,930	
Current Year Depreciation	<u>(466,865)</u>	
Total		(351,935)

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

Intergovernmental	(107,161)	
Tuition and Fees	(1,868)	
Property Taxes	<u>(44,633)</u>	
Total		(153,662)

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

Accrued Interest		83
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Bond premiums are reported as other financing sources in the governmental funds, but are allocated as an expense over the life of the bonds on the Statement of Activities.

Amortization of Bond Premium		179
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Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

General Obligation Bonds - Term	65,000	
Capital Leases	<u>97,254</u>	
Total		162,254

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

(114,930)

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.

(137,602)

Contractually required contributions are reported as expenditures in the governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.

1,576,368

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

(2,549,428)

Changes in Net Position Governmental Activities

(\$1,255,474)

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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$8,219,990	\$8,591,102	\$8,591,102	\$0
Intergovernmental	10,680,380	10,245,110	10,245,110	0
Interest	1,495	1,434	1,434	0
Tuition and Fees	661,764	634,794	634,794	0
Extracurricular Activities	19,635	18,835	18,835	0
Rent	15,402	14,774	14,774	0
Gifts and Donations	17,549	16,834	16,834	0
Pipeline Right of Way	67,345	64,600	64,600	0
Miscellaneous	34,798	81,523	77,055	(4,468)
<i>Total Revenues</i>	<u>19,718,358</u>	<u>19,669,006</u>	<u>19,664,538</u>	<u>(4,468)</u>
Expenditures				
Current:				
Instruction:				
Regular	9,164,879	9,597,113	9,597,113	0
Special	2,118,796	2,218,722	2,218,722	0
Vocational	405,593	424,722	424,722	0
Student Intervention Services	22,165	23,210	23,210	0
Support Services:				
Pupil	635,140	665,094	665,094	0
Instructional Staff	137,195	143,665	143,665	0
Board of Education	74,854	78,384	78,384	0
Administration	1,686,036	1,765,552	1,765,552	0
Fiscal	473,426	495,754	495,754	0
Business	41,415	43,368	43,368	0
Operation and Maintenance of Plant	1,918,114	2,008,576	2,008,576	0
Pupil Transportation	1,551,303	1,628,933	1,624,465	4,468
Central	126,447	132,410	132,410	0
Extracurricular Activities	282,938	296,281	296,281	0
Debt Service:				
Principal Retirement	1,519,680	1,591,351	1,591,351	0
Interest and Fiscal Charges	30,177	31,600	31,600	0
<i>Total Expenditures</i>	<u>20,188,158</u>	<u>21,144,735</u>	<u>21,140,267</u>	<u>4,468</u>
Excess of Revenues Under Expenditures	<u>(469,800)</u>	<u>(1,475,729)</u>	<u>(1,475,729)</u>	<u>0</u>
Other Financing Sources (Uses)				
Tax Anticipation Notes Issued	0	1,500,000	1,500,000	0
Transfers In	0	720,000	0	(720,000)
Advances In	0	9,603	9,603	0
Transfers Out	(83,001)	(803,001)	(83,001)	720,000
Advances Out	(12,764)	(12,764)	(12,764)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(95,765)</u>	<u>1,413,838</u>	<u>1,413,838</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(565,565)	(61,891)	(61,891)	0
<i>Fund Balance Beginning of Year</i>	<u>663,573</u>	<u>663,573</u>	<u>663,573</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$98,008</u>	<u>\$601,682</u>	<u>\$601,682</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Buckeye Local School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Private Purpose Trust Fund	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$213,574	\$52,622
<i>Total Assets</i>	213,574	52,622
Liabilities		
Undistributed Monies	0	865
Due to Students	0	51,757
<i>Total Liabilities</i>	0	\$52,622
Net Position		
Held in Trust for Scholarships	213,574	
<i>Total Net Position</i>	\$213,574	

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, 2017

	Private Purpose Trust Fund
Additions	
Contributions and Donations	\$11,000
Interest	385
Total Additions	11,385
Deductions	
Payments in Accordance with Trust Agreements	3,500
<i>Change in Net Position</i>	7,885
<i>Net Position Beginning of Year</i>	205,689
<i>Net Position End of Year</i>	\$213,574

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, 2017

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 87 non-certified employees, 153 certified full-time teaching personnel and 13 administrative employees who provide services to 1,751 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, or organizations whose exclusion would cause the report to be misleading. The Ohio Valley Energy Technology Academy (OVETA) was included in the School District's fiscal year 2016 financial statement as a discretely presented component unit due to the School District's ability to impose their will on the component unit.

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 7-12, 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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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 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. Effective June 2, 2017, OVETA ceased operations. See Note 3 for further details. Separately issued financial statements can be obtained from Don Donahue, Treasurer, at OVETA, 10692 State Route 150, Rayland, Ohio 43943.

The School District is involved with five organizations, three of which are defined as jointly governed organizations and two which are defined as an insurance purchasing pool. These organizations are the Jefferson County Joint Vocational School, the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council), the Ohio Schools Council (OSC), the Ohio School Council Workers' Compensation Group Rating Program (GRP) and the Ohio School Plan (OSP). These organizations are presented in Notes 18 and 19 to the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

B. Fund Accounting

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

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

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

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.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 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.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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, 2017, but which were levied to finance 2018 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. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 17. Net deferred inflows of resources related to pension are reported on the government-wide Statement of Net Position. See Note 11 for more information.

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 2017, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

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 2017 amounted to \$1,434 which includes \$331 assigned from other School District funds.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Investment 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 Equity in Pooled Cash and Cash Equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported at investments. The District had no investments meeting the above criteria.

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 constitutional provisions or 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, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

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

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by back-trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of two thousand five hundred 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 are depreciated except for land and construction in progress. The District had no construction in progress at June 30, 2017. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land Improvements	20 years
Buildings and Improvements	21 - 50 years
Furniture and Fixtures	5 - 25 years
Vehicles	8 - 15 years

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

J. Interfund Balances

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

K. Compensated Absences

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

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

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

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

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, and compensated absences that are paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Capital leases and 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, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts 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 or discount. On the governmental fund financial statements, bond premiums, and bond discounts are recognized in the period in which the bonds are 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, while discounts on debt issuances are reported as other financing uses.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Bond issuance costs are expensed in the funds in the period the bonds are issued.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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.

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 is 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.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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. 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 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.

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 2017.

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.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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 CHANGE IN REPORTING ENTITY

A. Change in Accounting Principle

For fiscal year 2017, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. GASB Statement No. 77 requires disclosure of information about the nature and magnitude of tax abatements. These changes were incorporated in the School District's 2017 financial statements; however, the School District had no abatement that met the GASB 77 definition.

The School District also implemented GASB's *Implementation Guide No. 2016-1*. These changes were incorporated in the School District's fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance.

B. Change in Reporting Entity

Effective June 2, 2017, the School District's discretely presented component unit has closed. The Ohio Valley Energy Technology Academy (OVETA) was included in the School District's fiscal year 2016 financial statement as a discretely presented component unit due to the School District's ability to impose their will on the component unit. Fiscal year 2016 was the first year of operations for the component unit. Fiscal year 2016's balances and activity were not material to the School District, but the component unit was included as it was expected to become material. However, since the component unit has closed, the beginning net position balance of \$58,530 was removed from the School District's financial statements as the activity is not material to the School District.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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.

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

Net Change in Fund Balance	<u>General</u>
GAAP Basis	\$275,906
Revenue Accruals	(96,127)
Inception of Capital Lease	(114,930)
Advances In	9,603
Tax Anticipation Note Proceeds	1,500,000
Expenditure Accruals	(123,579)
Debt Service Principal	(1,500,000)
Advances Out	<u>(12,764)</u>
Budget Basis	<u><u>(\$61,891)</u></u>

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 5 – FUND DEFICITS

At June 30, 2017, the following funds had a deficit fund balance:

	<u>Deficit Fund Balance</u>
General Fund	(\$765,038)
Food Service Fund	(26,710)
Miscellaneous Federal Grant Fund	(1,769)
IDEA-B Grant Fund	(21,798)
Title I Grant Fund	(6,346)

The deficit in the General Fund resulted from expenditures exceeding revenues as well as the application of generally accepted accounting principles. The deficits in the Food Service, Miscellaneous Federal, IDEA-B, and the Title I Grant Special Revenue Funds resulted from expenditures exceeding revenues, as well as, the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The School District will monitor future spending.

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.

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, the Federal Home Loan Bank, the Federal Farm Credit Bank, the Federal Home Loan Mortgage Corporation, and the Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

3. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio; and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed forty percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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 \$969,653. Of the bank balance \$452,492 was covered by Federal Depository Insurance and the remaining balance of \$517,161 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. Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions can elect to participate in the OPCS and will collateralize at 102 percent or a rate set by the Treasurer of State. Financial institution opting not to participate in OPCS will collateralize utilizing the specific pledge method at 105 percent.

Investments

As of June 30, 2017, the School District's only investment was in STAR Ohio. STAR Ohio is measured at net asset value per share. The value of the investments in STAR Ohio was \$176,145 and the investment has an average maturity of 45.5 days.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed value listed as of January 1, 2016, 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 2017 represents collections of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien December 31, 2015, were levied after April 1, 2016 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, 2017, are available to finance fiscal year 2017 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, 2017 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.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

The amount available as an advance at June 30, 2017, was \$606,295 in the General Fund. The amount available as an advance at June 30, 2016, was \$495,800 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 2017 taxes were collected are:

	2016 Second Half Collections		2017 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$173,727,150	51.3%	\$173,285,530	47.6%
Public Utility Personal	165,119,340	48.7%	191,108,580	52.4%
Total Assessed Values	<u>\$338,846,490</u>	<u>100.0%</u>	<u>\$364,394,110</u>	<u>100.0%</u>
Tax Rate per \$1,000 of assessed valuation		\$27.50		\$27.50

NOTE 8 - RECEIVABLES

Receivables at June 30, 2017 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 \$424,116 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	\$84,130
Title I Grant	71,781
Title II-A Grant	22,173
State Preschool Grant	19,792
Federal Preschool Grant	4,594
21st Century Grant	749
Medicaid	4,282
Workers' Compensation Rebate	34,891
Excess Costs from Other Districts	<u>48,307</u>
Total Intergovernmental Receivables	<u><u>\$290,699</u></u>

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance at 6/30/16	Additions	Deletions	Balance at 6/30/17
Capital Assets - Not Depreciated:				
Land	\$576,897	\$0	\$0	\$576,897
Capital Assets - Depreciated:				
Land Improvements	997,460	0	0	997,460
Buildings and Improvements	17,625,381	114,930	0	17,740,311
Furniture and Equipment	1,183,362	0	0	1,183,362
Vehicles	2,096,612	0	0	2,096,612
Total Capital Assets - Depreciated	21,902,815	114,930	0	22,017,745
Less Accumulated Depreciation:				
Land Improvements	(843,502)	(12,511)	0	(856,013)
Buildings and Improvements	(10,194,483)	(337,749)	0	(10,532,232)
Furniture and Equipment	(889,156)	(38,429)	0	(927,585)
Vehicles	(1,537,711)	(78,176)	0	(1,615,887)
Total Accumulated Depreciation	(13,464,852)	(466,865)	0	(13,931,717)
Total Capital Assets - Depreciated, Net	8,437,963	(351,935)	0	8,086,028
Governmental Capital Assets, Net	\$9,014,860	(\$351,935)	\$0	\$8,662,925

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$167,366
Special	43,907
Vocational	33,772
Support Services:	
Instructional Staff	47,285
Board of Education	445
Administration	36,679
Operation and Maintenance of Plant	52,722
Pupil Transportation	78,710
Food Service Operations	704
Extracurricular Activities	5,275
Total Depreciation Expense	<u>\$466,865</u>

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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 2017 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	\$72,049,405
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
Computer Fraud	50,000

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, 2017

Workers' Compensation

For fiscal year 2017, 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 CompManagement 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 the employer, 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, 2017

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 SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at 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 years 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, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$395,407 for fiscal year 2017. Of this amount \$50,600 is reported as an intergovernmental payable.

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 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.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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 is 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 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member 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 years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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 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 service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to 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. For the fiscal year ended June 30, 2017, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The statutory member contribution rate was increased one percent to 14 percent on July 1, 2016. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$1,180,961 for fiscal year 2017. Of this amount \$195,552 is reported as an intergovernmental payable.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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, 2016, 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>
Proportion of the Net Pension Liability Prior Measurement Date	0.07683150%	0.07753465%	
Proportion of the Net Pension Liability Current Measurement Date	<u>0.07849620%</u>	<u>0.07887083%</u>	
Change in Proportionate Share	<u>0.00166470%</u>	<u>0.00133618%</u>	
Proportionate Share of the Net Pension Liability	\$5,745,198	\$26,400,444	\$32,145,642
Pension Expense	\$603,310	\$1,946,118	\$2,549,428

At June 30, 2017, 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>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$77,489	\$1,066,705	\$1,144,194
Changes of assumptions	383,523	0	383,523
Net difference between projected and actual earnings on pension plan investments	473,895	2,191,946	2,665,841
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	69,701	289,033	358,734
School District contributions subsequent to the measurement date	<u>395,407</u>	<u>1,180,961</u>	<u>1,576,368</u>
Total Deferred Outflows of Resources	<u>\$1,400,015</u>	<u>\$4,728,645</u>	<u>\$6,128,660</u>
Deferred Inflows of Resources			
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>\$42,230</u>	<u>\$250,675</u>	<u>\$292,905</u>

\$1,576,368 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Fiscal Year Ending June 30:	SERS	STRS	Total
2018	\$239,747	\$504,641	\$744,388
2019	239,405	504,642	744,047
2020	347,001	1,345,755	1,692,756
2021	136,225	941,971	1,078,196
Total	<u>\$962,378</u>	<u>\$3,297,009</u>	<u>\$4,259,387</u>

Actuarial Assumptions - 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, 2016, compared with June 30, 2015, are presented below:

	June 30, 2016	June 30, 2015
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
COLA or Ad Hoc COLA	3 percent	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal	Entry Age Normal

For 2016, the mortality assumptions are that mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. For 2015, the mortality assumptions were based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

The long-term return expectation for the Pension Plan Investments has been determined by 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 an arithmetic weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
 Total	 <u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. A discount rate of 7.75 percent was used in the prior measurement period. 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 (7.50 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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$7,606,284	\$5,745,198	\$4,187,391

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Inflation	2.75 percent
Salary increases	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.75 percent, net of investment expenses, including inflation
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 commences 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 no set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected 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	1.00	3.00
Total	100.00 %	7.61 %

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent, and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. 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 of future plan members, are excluded. 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, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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 (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$35,084,045	\$26,400,444	\$19,075,315

Changes between Measurement Date and Report Date

In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School District's NPL is expected to be significant.

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, 2017, three members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 12 - POSTEMPLOYMENT BENEFITS

School Employees Retirement System (SERS)

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. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrator and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. 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 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. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Funding Policy - State Statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2017, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2017, this amount was \$23,500. 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 2017, the School District's surcharge obligation was \$40,519.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$40,519, \$40,849, and \$39,660, respectively. The full amount has been contributed for fiscal years 2017, 2016 and 2015.

State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For the fiscal years ended June 30, 2017, June 30, 2016 and June 30, 2015, STRS Ohio did not allocate any employer contributions to post-employment health care.

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.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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 \$1,589.98 for a family plan and \$548.27 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 premium of \$2.85 for the life insurance coverage for all employees. The Board pays 100 percent of the monthly premiums of \$57.32 for family coverage and \$17.09 for single coverage for the dental coverage for the classified staff and 90 percent of the premiums for the certified staff.

NOTE 14 – FUND OBLIGATIONS

The School District issued a \$1,511,000 tax anticipation note for operations on December 15, 2016. The note was issued with a 2.50 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 17, 2017.

NOTE 15 – CAPITAL LEASES – LESSEE DISCLOSURE

In prior years and the current year, the School District entered into capitalized leases for equipment and building improvements for the football stadium lighting. 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 building improvements acquired by lease has been capitalized in the government wide statements governmental activities in the amount of \$146,885 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 \$133,484. Principal payments towards capital leases during fiscal year 2017 totaled \$97,254 for governmental activities.

Future minimum lease payments through fiscal year 2026 are as follows:

Fiscal Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2018	\$16,113	\$7,013	\$23,126
2019	17,306	5,820	23,126
2020	14,352	4,679	19,031
2021	13,079	3,903	16,982
2022	11,663	3,267	14,930
2023-2026	52,863	6,857	59,720
Total	\$125,376	\$31,539	\$156,915

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 16 - LONG - TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2017 were as follows:

	Outstanding 6/30/16	Additions	Reductions	Outstanding 6/30/17	Amounts Due Within One Year
General Obligation Bonds:					
2013 Energy Conservation and School Improvements Bonds \$885,000 Term Bonds @ 1.0%-3.80% Premium - \$2,865	\$760,000 2,238	\$0 0	\$65,000 179	\$695,000 2,059	\$65,000 0
Total General Obligation Bonds	762,238	0	65,179	697,059	65,000
Net Pension Liability:					
STRS	21,428,310	4,972,134	0	26,400,444	0
SERS	4,384,078	1,361,120	0	5,745,198	0
Total Net Pension	25,812,388	6,333,254	0	32,145,642	0
Capital Leases	107,700	114,930	97,254	125,376	16,113
Compensated Absences	1,403,681	279,768	142,166	1,541,283	133,388
Total General Long-Term Obligations	\$28,086,007	\$6,727,952	\$304,599	\$34,509,360	\$214,501

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 3.8 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. The bond will be repaid from the Debt Service fund.

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

The \$65,000 Term Bonds that matured on December 1, 2016 were fully paid during fiscal year 2017.

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

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

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

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

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

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

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

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

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

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.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Principal and interest requirements to retire the remaining term bonds for the 2013 Energy Conservation and School Improvement Bonds outstanding at June 30, 2017 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2018	\$65,000	\$16,994	\$81,994
2019	65,000	15,840	80,840
2020	50,000	14,690	64,690
2021	50,000	13,602	63,602
2022	55,000	12,369	67,369
2023-2027	285,000	39,709	324,709
2028-2029	125,000	3,825	128,825
Total	<u>\$695,000</u>	<u>\$117,029</u>	<u>\$812,029</u>

Capital leases will be repaid through the General Fund. Compensated absences will be paid from the General Fund.

Net Pension Liability – There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the following funds the General Fund, Miscellaneous Local Fund, Miscellaneous State Grant Fund, Miscellaneous Federal Grant Fund, Title I Fund, and IDEA B Grant Fund. For additional information related to the net pension liability, See Note 11.

The School District’s overall legal debt margin was \$32,100,470, with an unvoted debt margin of \$364,394 at June 30, 2017.

NOTE 17 – INTERNAL BALANCES AND TRANSFERS

A. Interfund Balances

Interfund balances at June 30, 2017 consist of the following individual interfund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>
	<u>General Fund</u>
Other Nonmajor Governmental Funds	<u>\$12,764</u>

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

B. Transfers

Interfund transfers for the year ended June 30, 2017 consisted of the following:

	Transfers to
	Other Nonmajor
<u>Transfers from</u>	<u>Governmental</u>
General Fund	\$83,001

Transfers from the General Fund were used to provide revenue to the Debt Service Fund, a non-major governmental 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 2017, the total amount paid to OME-RESA from the School District was \$16,688 for technology services and \$34,212 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 2230 Sunset Blvd., Steubenville, Ohio 43952.

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 231 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 2017, the School District paid \$501 the OSC. Financial information can be obtained by contacting the Executive Director at the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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 CompManagement 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 CompManagement, to cover the costs of administration of the program. In fiscal year 2017, the School District's enrollment fee of \$915 was paid to CompManagement.

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

NOTE 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.

	Capital Improvements
Set-aside Restricted Balance as of June 30, 2016	\$0
Current Year Set-aside Requirement	301,964
Current Year Qualifying Expenditures	(373,193)
Totals	(\$71,229)
Balance Carried Forward to Fiscal Year 2018	\$0
Set-aside Restricted Balance as of June 30, 2017	\$0

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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, 2017.

B. Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

C. Litigation

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

D. Gas and Oil 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, LLC for 160.6594 acres. In consideration of the execution of the lease, the School District received a signing bonus of \$803,297 during fiscal year 2013. The lease calls for payment to the School District, 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. On March 14, 2017, the School District extended their lease for an additional five years. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the School District has not and will not receive any financial compensation beyond the original bonus.

The Board of Education has entered into a “Paid-Up” Oil and Gas Lease effective June 13, 2017 and continuing through June 12, 2022 with Ascent Resources - Utica, LLC for 1.000645 acres. In consideration of the execution of the lease, the School District received a signing bonus, See Subsequent Event Note 22 for further details. The lease calls for payment to the School District, in addition to the bonus, royalties, less all taxes, assessments, and adjustments on production from the leasehold in the amount of 20 percent for oil or gas. 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.

The Board of Education has entered into a “Paid-Up” Oil and Gas Lease effective June 13, 2017 and continuing through June 12, 2022 with Ascent Resources - Utica, LLC for 11.32 acres. The lease calls for payment to the School District, in addition to the bonus, royalties, less all taxes, assessments, and adjustments on production from the leasehold in the amount of 20 percent for oil or gas. As of the date of the financial statements, no signing bonus has been received by the School District and the value of any potential royalties cannot be determined.

The total carrying value of the land leased is \$561,969.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 22 – SUBSEQUENT EVENT

A. Labor Agreement

On August 14, 2017 the Board of Education approved a contract with the certified staff, represented by the Buckeye Local Classroom Teachers' Association. The contract is effective from September 1, 2016 through August 31, 2019.

B. Gas and Oil Lease

Oil/Gas Lease Bonus – In consideration of the execution of the aforementioned lease with Ascent Resources – Utica, LLC., for 1.00645 acres the School District received a bonus payment in the amount of \$5,511 on September 20, 2017.

C. Debt

On December 20, 2017, the School District issued a current Revenue Anticipation Note in the amount of \$1,510,000 at a rate of 2.5 percent. The note will mature on April 17, 2018.

**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 Four Fiscal Years (1)**

	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.07849620%	0.07683150%	0.07822200%	0.07822200%
School District's Proportionate Share of the Net Pension Liability	\$5,745,198	\$4,384,078	\$3,958,770	\$4,651,611
School District's Covered Payroll	\$2,437,800	\$2,313,027	\$2,272,979	\$2,031,130
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	235.67%	189.54%	174.17%	229.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to required supplementary information

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 Four Fiscal Years (1) **

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's Proportion of the Net Pension Liability	0.07887083%	0.07753465%	0.07897542%	0.07897542%
School District's Proportionate Share of the Net Pension Liability	\$26,400,444	\$21,428,310	\$19,209,556	\$22,882,297
School District's Covered Payroll	\$8,353,336	\$8,284,471	\$7,904,738	\$8,217,057
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	316.05%	258.66%	243.01%	278.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to required supplementary information

Buckeye Local School District
Required Supplementary Information
Schedule of School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$395,407	\$341,292	\$304,857	\$315,035
Contributions in Relation to the Contractually Required Contribution	<u>(395,407)</u>	<u>(341,292)</u>	<u>(304,857)</u>	<u>(315,035)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$2,824,336	\$2,437,800	\$2,313,027	\$2,272,977
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.18%	13.86%

See accompanying notes to required supplementary information

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$281,108	\$275,281	\$280,680	\$384,994	\$252,607	\$208,880
<u>(281,108)</u>	<u>(275,281)</u>	<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>	<u>\$0</u>	<u>\$0</u>
\$2,031,130	\$2,046,701	\$2,232,938	\$2,843,380	\$2,567,140	\$2,127,085
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$1,180,961	\$1,169,467	\$1,159,826	\$1,027,616
Contributions in Relation to the Contractually Required Contribution	<u>(1,180,961)</u>	<u>(1,169,467)</u>	<u>(1,159,826)</u>	<u>(1,027,616)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$8,435,436	\$8,353,336	\$8,284,471	\$7,904,738
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%

See accompanying notes to required supplementary information

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$1,068,217	\$1,105,299	\$1,134,653	\$1,126,674	\$1,139,066	\$1,135,582
<u>(1,068,217)</u>	<u>(1,105,299)</u>	<u>(1,134,653)</u>	<u>(1,126,674)</u>	<u>(1,139,066)</u>	<u>(1,135,582)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$8,217,057	\$8,502,300	\$8,728,100	\$8,666,721	\$8,762,043	\$8,735,243
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Buckeye Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2017

Changes in Assumptions - SERS

Amounts reported for fiscal year 2017 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Amounts reported for fiscal year 2017 use mortality assumptions with mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

December 29, 2017

To the Board of Education
Buckeye Local School District
Jefferson County, Ohio
6899 State 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, 2017, 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 29, 2017 in which we noted the School District changed the reporting entity to exclude a previously reported discretely presented component unit.

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.

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 results 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 29, 2017

To the Board of Education
Buckeye Local School District
Jefferson County, Ohio
6899 State 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 the Uniform Guidance**

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, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance 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 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 School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Buckeye Local School District, Jefferson County, Ohio 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, 2017.

Report on Internal Control over Compliance

Management of 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 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 the Uniform Guidance, 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 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 the Uniform Guidance. 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, 2017**

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Number	Federal Disbursements	Passed Through to Subrecipients
U. S. Department of Agriculture				
<i>Passed Through Ohio Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
<i>Non-Cash Assistance:</i>				
School Breakfast Program	(D) 10.553	2017	\$ 15,149	\$ 0
National School Lunch Program	(D) 10.555	2017	38,750	0
Total Non-Cash Assistance			<u>53,899</u>	<u>0</u>
<i>Cash Assistance:</i>				
School Breakfast Program	(C) 10.553	2017	158,369	0
National School Lunch Program	(C) 10.555	2017	405,096	0
Total Cash Assistance			<u>563,465</u>	<u>0</u>
<i>Total Child Nutrition Cluster</i>			<u>617,364</u>	<u>0</u>
Total U.S. Department of Agriculture			<u>617,364</u>	<u>0</u>
U. S. Department of Education				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	2016	1,450	0
Title I Grants to Local Educational Agencies	84.010	2017	460,044	0
Total Title I Grants to Local Educational Agencies			<u>461,494</u>	<u>0</u>
<i>Special Education Cluster</i>				
Special Education Grants to States	84.027	2016	47,319	0
Special Education Grants to States	84.027	2017	398,531	0
Total Special Education Grants to States			<u>445,850</u>	<u>0</u>
Special Education Preschool Grants	84.173	2016	2,578	0
Special Education Preschool Grants	84.173	2017	25,566	0
Total Special Education Preschool Grants			<u>28,144</u>	<u>0</u>
<i>Total Special Education Cluster</i>			<u>473,994</u>	<u>0</u>
Improving Teacher Quality State Grants	84.367	2016	20,166	0
Improving Teacher Quality State Grants	84.367	2017	128,780	0
Total Improving Teacher Quality State Grants			<u>148,946</u>	<u>0</u>
21st Century Community Learning Centers	84.287	2017	99,533	0
Total 21st Century Community Learning Centers			<u>99,533</u>	<u>0</u>
Total U.S. Department of Education			<u>1,183,967</u>	<u>0</u>
Total Federal Assistance			<u>\$ 1,801,331</u>	<u>\$ 0</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
2 CFR 200.510(b)(6)
For the Fiscal Year Ended June 30, 2017

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Buckeye Local School District (the School District's) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Government has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

The School District reports commodities consumed on the Schedule at the entitlement value. The School District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.

Buckeye Local School District
Jefferson County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
June 30, 2017

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control 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 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): Special Education Cluster: Special Education Grants to States Special Education Preschool Grants	CFDA # 84.027 84.173
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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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
FEBRUARY 22, 2018**