



Rea & associates *a brighter way*

Buckeye Local School District

Jefferson County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2016



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 the Buckeye Local School District, Jefferson County, prepared by Rea & Associates, Inc., for the audit period July 1, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

May 10, 2017

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

JUNE 30, 2016

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

JUNE 30, 2016

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February 22, 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, the discretely presented component unit, 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, 2016, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof 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.

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, 62-63, and 64-67, 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 February 22, 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.

Kea & Associates, Inc.

New Philadelphia, Ohio

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
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, 2016. 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 2016 are as follows:

- Net position of governmental activities decreased \$665,414.
- General revenues accounted for \$17,630,641 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 \$3,896,968 or approximately 18 percent of total revenues of \$21,527,609.
- Total assets of governmental activities decreased \$838,411. Current assets decreased by \$464,171 primarily due to a decrease in cash and cash equivalent resulting from expenditures exceeding resources. Capital assets decreased \$374,240 due in large part to annual depreciation expense. The decreases were offset by capital asset additions.
- The School District had \$22,193,023 in expenses related to governmental activities; only \$3,896,968 of these expenses were offset by program specific charges for services, and operating grants and contributions. General revenues of \$17,630,641 were not adequate to provide for these programs.
- Total governmental funds had \$21,453,783 in revenues and \$22,182,604 in expenditures. Overall, including other financing sources and uses, the total governmental fund balances decreased \$717,766.

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, 2016
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 2016?" 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, 2016
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 2016 compared to 2015.

Table 1
Net Position
Governmental Activities

	2016	2015	Change
Assets			
Current and Other Assets	\$9,618,657	\$10,082,828	(\$464,171)
Capital Assets	9,014,860	9,389,100	(374,240)
Total Assets	18,633,517	19,471,928	(838,411)
Deferred Outflows of Resources			
Pension	2,558,211	1,683,310	874,901
Liabilities			
Current and Other Liabilities	2,382,710	2,380,333	2,377
Long-Term Liabilities:			
Due Within One Year	286,860	285,491	1,369
Due in More Than One Year:			
Net Pension Liability	25,812,388	23,168,326	2,644,062
Other Amounts	1,986,759	1,996,285	(9,526)
Total Liabilities	30,468,717	27,830,435	2,638,282
Deferred Inflows of Resources			
Property Taxes	7,565,415	7,388,082	177,333
Pension	2,082,650	4,196,361	(2,113,711)
Total Deferred Inflows of Resources	9,648,065	11,584,443	(1,936,378)
Net Position (Deficit)			
Net Investment in Capital Assets	8,147,160	8,374,191	(227,031)
Restricted	237,144	188,140	49,004
Unrestricted	(27,309,358)	(26,821,971)	(487,387)
Total Net Position (Deficit)	(\$18,925,054)	(\$18,259,640)	(\$665,414)

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2016 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

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

those systems requires additional explanation in order to properly understand the information presented in these statements.

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 decreased \$838,411. As indicated previously, current assets decreased by \$464,171 primarily due to a decrease in Cash and Cash Equivalents resulting from expenditures exceeding resources. Capital assets decreased \$374,240 due primarily to annual depreciation expense and were offset by capital asset additions.

Long-term liabilities, excluding the pension liability, decreased slightly due to annual debt service payments, which were offset by the inception of a capital lease for a copier.

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

Table 2 shows the changes in net position for the fiscal year 2016 compared to fiscal year 2015.

Table 2			
Changes in Net Position			
Governmental Activities			
	2016	2015	Change
Revenues			
Program Revenues			
Charges for Services	\$830,824	\$790,666	\$40,158
Operating Grants and Contributions	3,066,144	3,119,392	(53,248)
Total Program Revenues	3,896,968	3,910,058	(13,090)
General Revenues			
Property Taxes	8,127,526	7,919,349	208,177
Grants and Entitlements not Restricted to Specific Programs	9,425,706	9,422,216	3,490
Others	77,409	76,672	737
Total General Revenues	17,630,641	17,418,237	212,404
Total Revenues	21,527,609	21,328,295	199,314
Program Expenses			
Instruction			
Regular	9,837,766	8,914,059	923,707
Special	2,935,190	2,916,826	18,364
Vocational	429,284	392,297	36,987
Student Intervention Services	91,820	86,691	5,129
Support Services:			
Pupil	832,051	875,686	(43,635)
Instructional Staff	307,364	318,353	(10,989)
Board of Education	76,102	94,338	(18,236)
Administration	1,786,346	1,731,616	54,730
Fiscal	545,105	622,655	(77,550)
Business	41,708	36,101	5,607
Operation and Maintenance of Plant	2,072,329	1,918,340	153,989
Pupil Transportation	1,897,798	1,801,651	96,147
Central	147,241	135,494	11,747
Operation of Non-Instructional Services	5,951	8,671	(2,720)
Food Service Operations	755,577	695,464	60,113
Extracurricular Activities	398,915	367,620	31,295
Interest and Fiscal Charges	32,476	31,836	640
Total Expenses	22,193,023	20,947,698	1,245,325
Increase (Decrease) in Net Position	(665,414)	380,597	(1,046,011)
Net Position (Deficit) Beginning of Year	(18,259,640)	(18,640,237)	380,597
Net Position (Deficit) End of Year	(\$18,925,054)	(\$18,259,640)	(\$665,414)

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

In 2016, 38 percent of the School District's revenues were from property taxes and 44 percent were from unrestricted grants and entitlements. Program revenue remained relatively constant with the prior fiscal year.

Instructional programs comprise approximately 60 percent of total governmental program expenses. Of the instructional expenses, approximately 74 percent is for regular instruction; approximately 22 percent is for special instruction; approximately 3 percent for vocational instruction; and approximately one percent for student intervention services. Total expenses increased approximately 6 percent from the prior fiscal year. The increase for regular instruction is partially due to increases in employee salaries and benefits as well as increases due to rising cost of operations.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2016 compared to fiscal year 2015. 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	
	2016	2015	2016	2015
Instruction				
Regular	\$9,837,766	\$8,914,059	\$9,038,969	\$8,209,161
Special	2,935,190	2,916,826	1,260,812	1,169,460
Vocational	429,284	392,297	241,321	248,845
Student Intervention Services	91,820	86,691	38,343	40,570
Support Services:				
Pupil	832,051	875,686	682,831	715,421
Instructional Staff	307,364	318,353	247,504	274,613
Board of Education	76,102	94,338	76,102	94,338
Administration	1,786,346	1,731,616	1,730,134	1,650,202
Fiscal	545,105	622,655	545,105	622,655
Business	41,708	36,101	41,708	36,101
Operation and Maintenance of Plant	2,072,329	1,918,340	2,029,268	1,893,792
Pupil Transportation	1,897,798	1,801,651	1,883,799	1,681,116
Central	147,241	135,494	147,241	135,494
Operation of Non-Instructional Services	5,951	8,671	756	4,015
Food Service Operations	755,577	695,464	29,956	(7,344)
Extracurricular Activities	398,915	367,620	269,730	237,365
Interest and Fiscal Charges	32,476	31,836	32,476	31,836
Total Expenses	\$22,193,023	\$20,947,698	\$18,296,055	\$17,037,640

The dependence upon tax revenues and state subsidies for governmental activities is apparent, as 82 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, 2016
 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 \$19,080,898 in revenues and \$19,646,139 in expenditures. Overall, including other financing sources and uses, the General Fund's balance decreased \$638,049.

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 2016, the School District amended its General Fund appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were no significant differences between budget and actual expenditures. Final budget expenditures were approximately four percent higher than original budget expenditures due to higher than anticipated costs for all programs.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2016, the School District had \$9,014,860 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	
	2016	2015
Land	\$576,897	\$576,897
Land Improvements	153,958	144,883
Buildings and Improvements	7,430,898	7,753,516
Furniture and Equipment	294,206	272,085
Vehicles	558,901	641,719
Totals	\$9,014,860	\$9,389,100

Debt

At June 30, 2016, the School District had \$762,238 of energy conservation general obligation bonds outstanding, including premiums, with \$65,000 due within one year. The School District also had \$107,700 outstanding in capital leases with \$88,144 due within one year.

Buckeye Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

Table 5 summarizes bonds and capital leases outstanding:

	Table 5	
	Outstanding Debt at Year End	
	Governmental Activities	
	2016	2015
2013 Energy Conservation and School Improvement Bonds		
Term Bonds	\$760,000	\$825,000
Bond Premium	2,238	2,417
Capital Leases	107,700	189,909
Total	\$869,938	\$1,017,326

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

Economic Factors

As the preceding information indicates, the School District depends heavily on the property taxpayers. For fiscal year 2016, property tax revenue comprised 38 percent of the School District's revenue sources, while unrestricted grants and entitlements comprised 44 percent.

During fiscal year 2016, the Buckeye Local Board of Education sponsored a conversion community school (Ohio Valley Energy Technology Academy). The OVETA will be housed in the Buckeye Local High School and provides students the opportunity for training in the gas and oil industry. See Note 1 for more information on the component unit.

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.

Basic Financial Statements

Buckeye Local School District
Statement of Net Position
June 30, 2016

	Primary Government	Component Unit
	Governmental Activities	Ohio Valley Energy Technology Academy
Assets		
Equity in Pooled Cash and Cash Equivalents	\$806,372	\$30,248
Intergovernmental Receivable	225,004	39,127
Prepaid Items	16,947	0
Materials and Supplies Inventory	40,370	0
Property Taxes Receivable	8,529,964	0
Non-Depreciable Capital Assets	576,897	0
Depreciable Capital Assets, Net	8,437,963	0
<i>Total Assets</i>	<u>18,633,517</u>	<u>69,375</u>
Deferred Outflows of Resources		
Pension	2,558,211	0
Liabilities		
Accounts Payable	56,492	0
Accrued Wages and Benefits Payable	1,894,883	0
Intergovernmental Payable	411,750	10,845
Matured Severance Payable	18,064	0
Accrued Interest Payable	1,521	0
Long-Term Liabilities:		
Due Within One Year	286,860	0
Due In More Than One Year:		
Net Pension Liability (See Note 11)	25,812,388	0
Other Amounts Due in More Than One Year	1,986,759	0
<i>Total Liabilities</i>	<u>30,468,717</u>	<u>10,845</u>
Deferred Inflows of Resources		
Property Taxes	7,565,415	0
Pension	2,082,650	0
<i>Total Deferred Inflows of Resources</i>	<u>9,648,065</u>	<u>0</u>
Net Position (Deficit)		
Net Investment in Capital Assets	8,147,160	0
Restricted for:		
Capital Projects	2,197	0
Bus Purchase	5,959	0
Federal Programs	65,106	0
State Programs	29,864	0
Other Purposes	134,018	36,126
Unrestricted	(27,309,358)	22,404
<i>Total Net Position (Deficit)</i>	<u><u>(\$18,925,054)</u></u>	<u><u>\$58,530</u></u>

See accompanying notes to the basic financial statements

Buckeye Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2016
Component Unit For the Fifteen Month Period Ended June 30, 2016

	Program Revenues		
Expenses	Charges for Services and Sales	Operating Grants and Contributions	
Governmental Activities			
Current:			
Instruction:			
Regular	\$9,837,766	\$535,393	\$263,404
Special	2,935,190	0	1,674,378
Vocational	429,284	0	187,963
Student Intervention Services	91,820	0	53,477
Support Services:			
Pupil	832,051	0	149,220
Instructional Staff	307,364	0	59,860
Board of Education	76,102	0	0
Administration	1,786,346	0	56,212
Fiscal	545,105	0	0
Business	41,708	0	0
Operation and Maintenance of Plant	2,072,329	8,640	34,421
Pupil Transportation	1,897,798	0	13,999
Central	147,241	0	0
Operation of Non-Instructional Services	5,951	0	5,195
Food Service Operations	755,577	157,606	568,015
Extracurricular Activities	398,915	129,185	0
Interest and Fiscal Charges	32,476	0	0
<i>Total Governmental Activities</i>	<u>\$22,193,023</u>	<u>\$830,824</u>	<u>\$3,066,144</u>
Component Unit			
Ohio Valley Energy Technology Academy	<u>\$398,401</u>	<u>\$0</u>	<u>\$420,805</u>

General Revenues

Property Taxes Levied for General Purposes
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Gifts and Donations
Miscellaneous

Total General Revenues

Change in Net Position

Net Position (Deficit) Beginning of Year

Net Position (Deficit) End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue
and Changes in Net Assets

Primary Government	Component Unit
Governmental Activities	Ohio Valley Energy Technology Academy
(\$9,038,969)	\$0
(1,260,812)	0
(241,321)	0
(38,343)	0
(682,831)	0
(247,504)	0
(76,102)	0
(1,730,134)	0
(545,105)	0
(41,708)	0
(2,029,268)	0
(1,883,799)	0
(147,241)	0
(756)	0
(29,956)	0
(269,730)	0
(32,476)	0
(18,296,055)	0
0	22,404
8,127,526	0
9,425,706	36,126
1,931	0
56,418	0
19,060	0
17,630,641	36,126
(665,414)	58,530
(18,259,640)	0
(\$18,925,054)	\$58,530

Buckeye Local School District
Balance Sheet
Governmental Funds
June 30, 2016

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$657,614	\$142,799	\$800,413
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	5,959	0	5,959
Receivables:			
Property Taxes	8,529,964	0	8,529,964
Intergovernmental	68,825	156,179	225,004
Interfund	9,603	0	9,603
Prepaid Items	16,725	222	16,947
Materials and Supplies Inventory	40,370	0	40,370
<i>Total Assets</i>	<u>\$9,329,060</u>	<u>\$299,200</u>	<u>\$9,628,260</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$54,342	\$2,150	\$56,492
Accrued Wages and Benefits Payable	1,809,577	85,306	1,894,883
Interfund Payable	0	9,603	9,603
Intergovernmental Payable	403,682	8,068	411,750
Matured Severance Payable	18,064	0	18,064
<i>Total Liabilities</i>	<u>2,285,665</u>	<u>105,127</u>	<u>2,390,792</u>
Deferred Inflows of Resources			
Property Taxes	7,565,415	0	7,565,415
Unavailable Revenue	518,924	147,736	666,660
<i>Total Deferred Inflows of Resources</i>	<u>8,084,339</u>	<u>147,736</u>	<u>8,232,075</u>
Fund Balances (Deficit)			
Nonspendable:			
Materials and Supplies Inventory	40,370	0	40,370
Prepaid Items	16,725	222	16,947
Restricted for:			
Bus Purchase	5,959	0	5,959
Capital Projects	0	2,197	2,197
State Programs	0	7,577	7,577
Local Programs	0	134,018	134,018
Unassigned	(1,103,998)	(97,677)	(1,201,675)
<i>Total Fund Balances (Deficit)</i>	<u>(1,040,944)</u>	<u>46,337</u>	<u>(994,607)</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$9,329,060</u>	<u>\$299,200</u>	<u>\$9,628,260</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, 2016*

Total Governmental Fund Balances (\$994,607)

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

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. 9,014,860

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	147,736
Tuition and Fees	50,175
Property Taxes	<u>468,749</u>

Total 666,660

In the Statement of Activities, interest is accrued on outstanding general
obligation bonds, whereas in governmental funds, an interest expenditure
is reported when due. (1,521)

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

General Obligation Bonds - Term	760,000
Bond Premium	2,238
Capital Leases	107,700
Compensated Absences	<u>1,403,681</u>

Total (2,273,619)

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	2,558,211
Net Pension Liability	(25,812,388)
Deferred Inflows - Pension	<u>(2,082,650)</u>

Total (25,336,827)

Net Position (Deficit) of Governmental Activities (\$18,925,054)

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, 2016

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$8,164,755	\$0	\$8,164,755
Intergovernmental	10,326,801	2,066,407	12,393,208
Interest	1,675	256	1,931
Tuition and Fees	518,785	4,195	522,980
Extracurricular Activities	13,841	115,344	129,185
Rent	8,640	0	8,640
Gifts and Donations	28,738	27,680	56,418
Charges for Services	0	157,606	157,606
Miscellaneous	17,663	1,397	19,060
<i>Total Revenues</i>	<u>19,080,898</u>	<u>2,372,885</u>	<u>21,453,783</u>
Expenditures			
Current:			
Instruction:			
Regular	9,455,235	277,699	9,732,934
Special	2,028,285	913,081	2,941,366
Vocational	401,619	0	401,619
Student Intervention Services	37,112	56,698	93,810
Support Services:			
Pupil	691,157	158,208	849,365
Instructional Staff	207,822	54,635	262,457
Board of Education	75,900	0	75,900
Administration	1,721,360	58,275	1,779,635
Fiscal	519,367	0	519,367
Business	41,708	0	41,708
Operation and Maintenance of Plant	2,066,007	41,944	2,107,951
Pupil Transportation	1,817,934	14,274	1,832,208
Central	152,227	0	152,227
Operation of Non-Instructional Services	0	5,951	5,951
Food Service Operations	3,650	755,845	759,495
Extracurricular Activities	298,885	115,992	414,877
Capital Outlay	20,756	0	20,756
Debt Service:			
Principal Retirement	93,264	65,000	158,264
Interest and Fiscal Charges	13,851	18,863	32,714
<i>Total Expenditures</i>	<u>19,646,139</u>	<u>2,536,465</u>	<u>22,182,604</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(565,241)</u>	<u>(163,580)</u>	<u>(728,821)</u>
Other Financing Sources (Uses)			
Inception of Capital Lease	11,055	0	11,055
Transfers In	0	83,863	83,863
Transfers Out	(83,863)	0	(83,863)
<i>Total Other Financing Sources (Uses)</i>	<u>(72,808)</u>	<u>83,863</u>	<u>11,055</u>
<i>Net Change in Fund Balances</i>	(638,049)	(79,717)	(717,766)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(402,895)</u>	<u>126,054</u>	<u>(276,841)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$1,040,944)</u>	<u>\$46,337</u>	<u>(\$994,607)</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, 2016*

Net Change in Fund Balances - Total Governmental Funds (\$717,766)

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	100,016	
Current Year Depreciation	(471,731)	
Total	(371,715)	(371,715)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. (2,525)

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

Intergovernmental	98,642	
Tuition and Fees	12,413	
Property Taxes	(37,229)	
Total	73,826	73,826

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the Statement of Activities. 59

Accrued Interest

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

Amortization of Bond Premium

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 158,264

General Obligation Bonds - Term	65,000	
Capital Leases	93,264	
Total	158,264	158,264

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 (11,055)

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. (139,231)

Contractually required contributions are reported as expenditures in the governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows. 1,510,759

Except for amounts reported as deferred inflows/outflows, changes in net pension liability are reported as pension expense in the Statement of Activities. (1,166,209)

Changes in Net Position Governmental Activities (\$665,414)

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, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$8,412,525	\$8,179,904	\$8,179,904	\$0
Intergovernmental	10,588,178	10,295,397	10,295,397	0
Interest	1,723	1,675	1,675	0
Tuition and Fees	524,935	510,420	510,420	0
Rent	2,648	8,640	8,640	0
Extracurricular Activities	14,235	13,841	13,841	0
Gifts and Donations	29,555	28,738	28,738	0
Miscellaneous	24,403	17,651	17,663	12
<i>Total Revenues</i>	<u>19,598,202</u>	<u>19,056,266</u>	<u>19,056,278</u>	<u>12</u>
Expenditures				
Current:				
Instruction:				
Regular	9,100,634	9,438,260	9,438,260	0
Special	1,961,137	2,033,893	2,033,893	0
Vocational	387,218	401,583	401,583	0
Student Intervention Services	35,695	37,019	37,019	0
Support Services:				
Pupil	670,518	695,394	695,394	0
Instructional Staff	213,439	221,357	221,357	0
Board of Education	71,480	74,132	74,132	0
Administration	1,637,818	1,698,579	1,698,579	0
Fiscal	502,672	521,321	521,321	0
Business	41,147	42,674	42,674	0
Operation and Maintenance of Plant	1,980,811	2,054,297	2,054,297	0
Pupil Transportation	1,667,875	1,729,751	1,729,751	0
Central	147,344	152,810	152,810	0
Extracurricular Activities	292,497	302,933	303,348	(415)
Capital Outlay	9,354	9,701	9,701	0
Debt Service:				
Principal Retirement	1,234,519	1,280,318	1,280,318	0
Interest and Fiscal Charges	10,993	11,401	11,401	0
<i>Total Expenditures</i>	<u>19,965,151</u>	<u>20,705,423</u>	<u>20,705,838</u>	<u>(415)</u>
Excess of Revenues Under Expenditures	<u>(366,949)</u>	<u>(1,649,157)</u>	<u>(1,649,560)</u>	<u>(403)</u>
Other Financing Sources (Uses)				
Tax Anticipation Notes Issued	0	1,200,000	1,200,000	0
Transfers In	0	720,000	0	(720,000)
Advances In	0	27,366	27,256	(110)
Transfers Out	(83,863)	(804,278)	(83,863)	720,415
Advances Out	(9,603)	(9,713)	(9,603)	110
<i>Total Other Financing Sources (Uses)</i>	<u>(93,466)</u>	<u>1,133,375</u>	<u>1,133,790</u>	<u>415</u>
<i>Net Change in Fund Balance</i>	(460,415)	(515,782)	(515,770)	12
<i>Fund Balance Beginning of Year</i>	<u>1,179,343</u>	<u>1,179,343</u>	<u>1,179,343</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$718,928</u></u>	<u><u>\$663,561</u></u>	<u><u>\$663,573</u></u>	<u><u>\$12</u></u>

See accompanying notes to the basic financial statements

Buckeye Local School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Private Purpose Trust Fund	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$205,689	\$49,593
<i>Total Assets</i>	205,689	49,593
Liabilities		
Due to Students	0	49,593
<i>Total Liabilities</i>	0	\$49,593
Net Position		
Held in Trust for Scholarships	205,689	
<i>Total Net Position</i>	\$205,689	

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, 2016

	Private Purpose Trust Fund
Additions	
Contributions and Donations	\$40,000
Interest	281
	40,281
Deductions	
Payments in Accordance with Trust Agreements	3,500
	36,781
<i>Change in Net Position</i>	<i>36,781</i>
<i>Net Position Beginning of Year</i>	<i>168,908</i>
	<i>168,908</i>
<i>Net Position End of Year</i>	<i>\$205,689</i>
	<i>\$205,689</i>

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, 2016

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 98 non-certified employees, 154 certified full-time teaching personnel and 13 administrative employees who provide services to 1,796 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 component unit column in the basic financial statements identifies the financial data of the School District's only component unit, the Ohio Valley Energy Technology Academy. It is discretely reported in a separate column to emphasize that it is legally separate from the School District.

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, 2016

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. 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 six organizations, four 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 Coalition of Rural and Appalachian Schools (CORAS), 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, 2016

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.

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-

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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.

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, 2016, but which were levied to finance 2017 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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

revenue includes delinquent property taxes, tuition and fees, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. See Note 11.

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 2016, the School District invested in STAROhio. STAROhio (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. STAROhio 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 STAROhio at the net asset value (NAV) per share provided by STAROhio. 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 2016, 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. STAROhio 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 2016 amounted to \$1,675 which includes \$369 assigned from other School District funds.

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 cash equivalents.

Buckeye Local School District
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F. Restricted Assets

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2016, 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. Capital assets are those assets not specifically related to activities reported in the proprietary fund. 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 capitalization threshold is 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, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

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

Buckeye Local School District
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J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term and long-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables." These amounts are eliminated on the Statement of Net Position, except for any residual amounts due between governmental and business-type activities, which are presented as internal balances.

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, compensated absences, and net pension liability that are paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the governmental fund financial statements when due.

M. Bond Premiums and Bond Issuance Costs

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

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

N. Internal Activity

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

Buckeye Local School District
Notes to the Basic Financial Statements
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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.

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.

Buckeye Local School District
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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. Of the restricted net position none has resulted from enabling legislation.

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. None of these items occurred in fiscal year 2016.

R. Estimates

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

S. Budgetary Data

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

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

Buckeye Local School District
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in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate in effect when the final appropriations were passed by the Board.

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

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

For fiscal year 2016, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application,” GASB Statement No. 73, “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68,” GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,” GASB Statement No. 79, “Certain External Investment Pools and Pool Participants,” and GASB Statement No. 82, “Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73.”

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the School District’s fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68. The implementation of this GASB pronouncement did not result in any changes to the School District’s financial statements.

GASB Statement No. 76 identifies-in the context of the current governmental financial reporting environment-the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this GASB pronouncement did not result in any changes to the School District’s financial statements.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The School Districts participates in STAR Ohio which implemented GASB Statement No. 79 for fiscal year 2016. The School District incorporated the corresponding GASB No. 79 guidance into their fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the School District’s fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

Buckeye Local School District
Notes to the Basic Financial Statements
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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	General
GAAP Basis	(\$638,049)
Revenue Accruals	(24,620)
Inception of Capital Lease	(11,055)
Advances In	27,256
Tax Anticipation Note Proceeds	1,200,000
Expenditure Accruals	140,301
Debt Service Principal	(1,200,000)
Advances Out	(9,603)
Budget Basis	(\$515,770)

Buckeye Local School District
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NOTE 5 – FUND DEFICITS

At June 30, 2016, the following funds had a deficit fund balance:

	<u>Deficit Fund Balance</u>
General Fund	\$1,040,944
Food Service Fund	37,112
Miscellaneous State Grant Fund	15,188
Miscellaneous Federal Grant Fund	36,907
Title I Grant Fund	671

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 State Grant, and the Miscellaneous Federal 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
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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 (STAROhio);
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 \$1,257,495. Of the bank balance \$481,839 was covered by Federal Depository Insurance and the remaining balance of \$775,656 was covered by pledged collateral with securities held by the pledging financial institution's trust department or agent. Although the securities were held by the pledging financial institution's trust department and all statutory requirements for the deposit of money had been followed, non-compliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

Investments

As of June 30, 2016, the School District only had an investment of \$145,225 in STAROhio, the State Treasurer's Investment Pool. The investment has an average maturity of 48.6 days.

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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. StarOhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio 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 2016 represents collections of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed value listed as of January 1, 2015, 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 2016 represents collections of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien December 31, 2014, were levied after April 1, 2015 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, 2016, are available to finance fiscal year 2016 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, 2016 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes.

The amount available as an advance at June 30, 2016, was \$495,800 in the General Fund. The amount available as an advance at June 30, 2015, was \$510,949 in the General Fund.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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 2016 taxes were collected are:

	2015 Second Half Collections		2016 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$167,232,960	50.6%	\$173,727,150	51.3%
Public Utility Personal	163,291,900	49.4%	165,119,340	48.7%
	\$330,524,860	100.0%	\$338,846,490	100.0%
Tax Rate per \$1,000 of assessed valuation		\$27.50		\$27.50

NOTE 8 - RECEIVABLES

Receivables at June 30, 2016 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 \$468,749 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	\$47,319
Title I Grant	780
Title II-A Grant	34,672
State Preschool Grant	53,495
Federal Preschool Grant	12,063
21st Century Grant	7,850
Medicaid	10,285
Excess Costs from Other Districts	58,540
Total Intergovernmental Receivables	\$225,004

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance at 6/30/15	Additions	Deletions	Balance at 6/30/16
Capital Assets - Not Depreciated:				
Land	\$576,897	\$0	\$0	\$576,897
Capital Assets - Depreciated:				
Land Improvements	976,660	20,800	0	997,460
Buildings and Improvements	17,615,680	9,701	0	17,625,381
Furniture and Equipment	1,141,278	69,515	(27,431)	1,183,362
Vehicles	2,096,612	0	0	2,096,612
Total Capital Assets - Depreciated	21,830,230	100,016	(27,431)	21,902,815
Less Accumulated Depreciation:				
Land Improvements	(831,777)	(11,725)	0	(843,502)
Buildings and Improvements	(9,862,164)	(332,319)	0	(10,194,483)
Furniture and Equipment	(869,193)	(44,869)	24,906	(889,156)
Vehicles	(1,454,893)	(82,818)	0	(1,537,711)
Total Accumulated Depreciation	(13,018,027)	(471,731)	24,906	(13,464,852)
Total Capital Assets - Depreciated, Net	8,812,203	(371,715)	(2,525)	8,437,963
Governmental Capital Assets, Net	\$9,389,100	(\$371,715)	(\$2,525)	\$9,014,860

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$169,411
Special	43,201
Vocational	33,284
Support Services:	
Instructional Staff	46,525
Board of Education	445
Administration	36,136
Operation and Maintenance of Plant	54,100
Pupil Transportation	82,366
Food Service Operations	1,043
Extracurricular Activities	5,220
Total Depreciation Expense	<u>\$471,731</u>

Buckeye Local School District
Notes to the Basic Financial Statements
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NOTE 10 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2016 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, 2016

Workers' Compensation

For Fiscal Year 2016, 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, 2016

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 year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, 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 \$341,292 for fiscal year 2016. Of this amount \$37,550 is reported as an intergovernmental payable.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Plan Description - State Teachers Retirement System (STRS)

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

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 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 11 percent of the 12 percent member rate goes to the DC Plan and 1 percent goes 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 services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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 that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. Effective July 1, 2016, the statutory maximum employee contribution rate was increased one percent to 14 percent. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$1,169,467 for fiscal year 2016. Of this amount \$195,900 is reported as an intergovernmental payable.

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, 2015, 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	0.07822200%	0.07897542%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.07683150%</u>	<u>0.07753465%</u>	
Change in Proportionate Share	<u>-0.00139050%</u>	<u>-0.00144077%</u>	
Proportionate Share of the Net			
Pension Liability	\$4,384,078	\$21,428,310	\$25,812,388
Pension Expense	\$258,062	\$908,147	\$1,166,209

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$70,591	\$976,861	\$1,047,452
School District contributions subsequent to the measurement date	341,292	1,169,467	1,510,759
Total Deferred Outflows of Resources	\$411,883	\$2,146,328	\$2,558,211
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$145,259	\$1,541,101	\$1,686,360
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	62,056	334,234	396,290
Total Deferred Inflows of Resources	\$207,315	\$1,875,335	\$2,082,650

\$1,510,759 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2017	(\$72,577)	(\$431,334)	(\$503,911)
2018	(72,577)	(431,334)	(503,911)
2019	(72,911)	(431,334)	(504,245)
2020	81,341	395,528	476,869
Total	(\$136,724)	(\$898,474)	(\$1,035,198)

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.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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, 2015, are presented below:

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

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

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

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

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$6,079,143	\$4,384,078	\$2,956,697

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected 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
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

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, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

STRS' investment consultant develops best estimates 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:

Asset Class	Target Allocation	10 Year Expected Nominal Rate of Return*
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 %	

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent.

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. 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, 2015.

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	\$29,765,538	\$21,428,310	\$14,377,939

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, 2016, five members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, no allocation of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. 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 2016, the School District's surcharge obligation was \$40,849.

The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$17,544, and \$2,873, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

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 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.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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, 2016 and June 30, 2015, STRS Ohio did not allocate any employer contributions to post-employment health care. For the fiscal year ended June 30, 2014, one percent of covered payroll was allocated to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015 and 2014 were \$0, \$0 and \$84,875, respectively. The full amount has been contributed for 2016, 2015 and 2014.

NOTE 13 – OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

B. Insurance Benefits

The School District provides hospitalization and major medical and prescription drug coverage for all eligible employees through the Health Plan HMO. The monthly premium is \$1,659.91 for a family plan and \$572.38 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 \$52.59 for family coverage and \$15.68 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 \$1,200,000 tax anticipation note for operations on January 4, 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 4, 2016.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 15 – CAPITAL LEASES – LESSEE DISCLOSURE

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

Equipment and vehicles acquired by lease has been capitalized in the government wide statements governmental activities in the amount of \$278,231 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 \$245,263. Principal payments towards capital leases during fiscal year 2016 totaled \$93,264 for governmental activities.

Future minimum lease payments through fiscal year 2021 are as follows:

Fiscal Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2017	\$88,144	\$4,270	\$92,414
2018	6,541	1,654	8,195
2019	7,250	946	8,196
2020	3,786	314	4,100
2021	1,979	73	2,052
Total	<u>\$107,700</u>	<u>\$7,257</u>	<u>\$114,957</u>

NOTE 16 - LONG - TERM OBLIGATIONS

The changes in the School District’s long-term obligations during fiscal year 2016 were as follows:

	Outstanding			Outstanding 6/30/16	Amounts Due Within One Year
	6/30/15	Additions	Reductions		
General Obligation Bonds:					
2013 Energy Conservation and School Improvements Bonds \$885,000					
Term Bonds @ 1.0%-3.80%	\$825,000	\$0	\$65,000	\$760,000	\$65,000
Premium - \$2,865	2,417	0	179	2,238	0
Total General Obligation Bonds	<u>827,417</u>	<u>0</u>	<u>65,179</u>	<u>762,238</u>	<u>65,000</u>
Net Pension Liability:					
STRS	19,209,556	2,218,754	0	21,428,310	0
SERS	3,958,770	425,308	0	4,384,078	0
Total Net Pension	<u>23,168,326</u>	<u>2,644,062</u>	<u>0</u>	<u>25,812,388</u>	<u>0</u>
Capital Leases	189,909	11,055	93,264	107,700	88,144
Compensated Absences	1,264,450	243,768	104,537	1,403,681	133,716
Total General Long-Term Obligations	<u>\$25,450,102</u>	<u>\$2,898,885</u>	<u>\$262,980</u>	<u>\$28,086,007</u>	<u>\$286,860</u>

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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 3.0 percent interest rate, for a period of fifteen years with a final maturity at December 1, 2028. The bonds were issued with a premium of \$2,865 which is reported as an increase to bonds payable. This amount is being amortized to interest expense over the life of the bonds using the straight-line method, which approximates the effective interest method.

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

The \$65,000 Term Bonds that matured on December 1, 2015 were fully paid during fiscal year 2016.

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

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

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

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

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

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

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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, 2016

Principal and interest requirements to retire the remaining term bonds for the 2013 Energy Conservation and School Improvement Bonds outstanding at June 30, 2016 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2017	\$65,000	\$18,002	\$83,002
2018	65,000	16,994	81,994
2019	65,000	15,840	80,840
2020	50,000	14,690	64,690
2021	50,000	13,602	63,602
2022-2026	280,000	47,428	327,428
2027-2029	185,000	8,475	193,475
Total	<u>\$760,000</u>	<u>\$135,031</u>	<u>\$895,031</u>

The School District has entered into capital leases for equipment and vehicles. These leases will be repaid through the General Fund. Compensated absences will be paid from the General Fund. The School District pays obligations related to employee compensation from the fund benefitting from their service.

The School District's overall legal debt margin was \$29,736,184, with an unvoted debt margin of \$338,846 at June 30, 2016.

NOTE 17 – INTERNAL BALANCES AND TRANSFERS

A. Interfund Balances

Interfund balances at June 30, 2016 consist of the following individual interfund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>
Other Nonmajor Governmental Funds	General Fund
	<u>\$9,603</u>

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

B. Transfers

Interfund transfers for the year ended June 30, 2016 consisted of the following:

<u>Transfers from</u>	<u>Transfers to</u>
General Fund	Other Nonmajor Governmental
	<u>\$83,863</u>

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

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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 2016, the total amount paid to OME-RESA from the School District was \$870 for cooperative gas purchasing service administrative fees, \$21,974 for technology services and \$34,751 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.

The Coalition of Rural and Appalachian Schools (CORAS) – The Coalition of Rural and Appalachian Schools is a jointly governed organization including 179 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Council provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. The School District’s membership fee was \$325 for fiscal year 2016.

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 205 school districts, educational service centers, joint vocational districts, and developmental disabilities boards located in 34 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 2016, the School District paid \$515 the OSC. Financial information can be obtained by contacting William J. Zelei, the Executive Director at the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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 2016, the School District’s enrollment fee of \$875 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, 2015	\$0
Current Year Set-aside Requirement	316,575
Current Year Qualifying Expenditures	(494,715)
Totals	(\$178,140)
Balance Carried Forward to Fiscal Year 2017	\$0
Set-aside Restricted Balance as of June 30, 2016	\$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, 2016

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, 2016.

B. Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for fiscal year 2015, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school district, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 and June 30, 2016 Foundation funding for the School District; therefore, the financial statement impact is not fully determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School District.

C. Litigation

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

D. Lease

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

NOTE 22 – SUBSEQUENT EVENT

A. Debt

On December 15, 2016, the School District issued a Current Revenue Anticipation Note in the amount of \$1,511,000 at a rate of 2.5 percent. The note will mature on April 17, 2017.

NOTE 23 – COMPONENT UNIT – OHIO VALLEY ENERGY TECHNOLOGY ACADEMY

A. DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY

Ohio Valley Energy Technology Academy (the Academy) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to educate students in seventh through twelfth grade. The Academy,

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

The Academy was approved for operation under a contract with the Board of Education of the Buckeye Local School District (the Sponsor) for a period of five years commencing with fiscal year July 1, 2015 through June 30, 2020. The Sponsor loaned the Academy \$50,000 to pay start up expenses on April 27, 2015. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration. The Academy operates under a five-member Governing Board (the Board). The Board is responsible for carrying out the provisions of the contract which includes, but is not limited to, state mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

i. Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

ii. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows and all liabilities and deferred inflows are included on the statement of net position. The operating statement presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

iii. Budgetary Process

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Chapter 5705, with the exception of 5705.391. All other budgetary provisions are not required to be followed, unless specifically provided in the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor does not prescribe a budgetary process for the Academy.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

iv. Cash and Cash Equivalents

Cash held by the Academy is reflected as “Cash and Cash Equivalents” on the statement of net position. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. The Academy had no investments in fiscal year 2016.

v. Tax Exemption Status

The Academy is a non-profit organization that, in the opinion of legal counsel, is exempt from federal income taxes due to the Academy’s status as an integral part of its sponsoring political subdivision, the Buckeye Local School District.

vi. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Academy applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Investment in capital assets consists of capital assets, net of accumulated depreciation. Net position restricted for other purposes consist of grants.

vii. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program. Revenue received from this program is recognized as operating revenues (foundation payments) in the accounting period in which they are earned and become measurable.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. 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 Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. In fiscal year 2016, the Academy participated in several federal grant programs. Revenue received from these programs is recognized as non-operating revenue in the accompanying financial statements.

viii. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Academy. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Academy. All revenues and expenses not meeting this definition are reported as non-operating.

ix. 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 Governing Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2016.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

x. 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.

C. DEPOSITS

According to State law, public depositories must give security for all uninsured public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Academy's name. During fiscal year 2016, the Academy and public depositories complied with the provisions of these statutes.

Custodial credit risk is the risk that, in the event of a bank failure, the Academy's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. The Academy's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

At June 30, 2016, the carrying amount of the Academy's deposits was \$30,248. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2016, none of the Academy's bank balance of \$30,248 was exposed to custodial risk as discussed above. All of this balance was covered by Federal Deposit Insurance Corporation. There are no significant statutory restrictions regarding the deposit and investment of funds by the Academy.

D. PURCHASED SERVICES

For the fifteen month period ended June 30, 2016, purchased services expenses were all for professional and technical services.

E. SERVICE CONTRACTS

Buckeye Local School District

The Academy Sponsorship Contract between the Academy and Buckeye Local School District (the "Sponsor") outlined the specific payments to be made by the Academy to Buckeye Local School District for the fifteen month period ended June 30, 2016. In addition, the Academy Sponsorship Contract stated that the two parties agreed to pay other mutually agreed upon amounts, including fees for any services provided to the Academy by the sponsor. The Academy paid the Sponsor \$172,720 during the fifteen month period ended June 30, 2016 for professional and technical services.

For the period April 1, 2015 through June 30, 2016 the Academy incurred expenses of \$3,948 to their Sponsor for educational facility costs, including the building lease, site service fees and maintenance fees.

Buckeye Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Jefferson County Educational Service Center

For the fifteen month period ended June 30, 2016, the Academy recognized \$122,073 in expenses for educational services and curriculum provided by the Jefferson County Educational Service Center.

F. RISK MANAGEMENT

The Academy is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets: errors and omissions: injuries to employees: and natural disasters. For the fifteen month period ended June 30, 2016, the Academy contracted with McBane Insurance & Financial Services, Inc. There were no claims during the fifteen month period that exceeded coverage.

G. CONTINGENCIES

i. Grants

The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, the effect of any such disallowed claims on the overall financial position of the Academy at June 30, 2016, if applicable, cannot be determined at this time.

ii. School District Funding

School district Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school districts, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the Academy; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the Academy.

H. NOTE PAYABLE

In April 2015, the Academy borrowed \$50,000 from the Sponsor to pay start-up expenses. The note was interest free and was repaid in full during fiscal year 2016.

I. LEGAL COMPLIANCE

Full-time equivalencies for students were reported to the Ohio Department of Education based on days students participated in learning opportunities, instead of reporting based on the amount of time spent on learning opportunities as determined by Ohio Senate's bill's interpretation of Ohio Revised Code Section 3317.022.

In the 2016-2017 school year, the Academy no longer offers blended learning opportunities. All learning opportunities are now classroom-based.

**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 Three Fiscal Years (1)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's Proportion of the Net Pension Liability	0.07683150%	0.07822200%	0.07822200%
School District's Proportionate Share of the Net Pension Liability	\$4,384,078	\$3,958,770	\$4,651,611
School District's Covered-Employee Payroll	\$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-Employee Payroll	189.54%	174.17%	229.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

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

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 Three Fiscal Years (1) **

	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's Proportion of the Net Pension Liability	0.07753465%	0.07897542%	0.07897542%
School District's Proportionate Share of the Net Pension Liability	\$21,428,310	\$19,209,556	\$22,882,297
School District's Covered-Employee Payroll	\$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-Employee Payroll	258.66%	243.01%	278.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

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

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

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

(1) Information prior to 2008 is not available.

<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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$1,169,467	\$1,159,826	\$1,027,616	\$1,068,217
Contributions in Relation to the Contractually Required Contribution	<u>(1,169,467)</u>	<u>(1,159,826)</u>	<u>(1,027,616)</u>	<u>(1,068,217)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
School District Covered-Employee Payroll	\$8,353,336	\$8,284,471	\$7,904,738	\$8,217,057
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$1,105,299	\$1,134,653	\$1,126,674	\$1,139,066	\$1,135,582	\$1,094,945
<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>(1,094,945)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$8,502,300	\$8,728,100	\$8,666,721	\$8,762,043	\$8,735,243	\$8,422,657
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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February 22, 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, the discretely presented component unit, 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, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 22, 2017.

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

February 22, 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, 2016. 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, 2016.

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, 2016**

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	2016	\$ 13,678	\$ 0
National School Lunch Program	(D)	10.555	2016	32,620	0
Total Non-Cash Assistance				<u>46,298</u>	<u>0</u>
<i>Cash Assistance:</i>					
School Breakfast Program	(C)	10.553	2016	164,935	0
National School Lunch Program	(C)	10.555	2016	393,357	0
Total Cash Assistance				<u>558,292</u>	<u>0</u>
<i>Total Child Nutrition Cluster</i>				<u>604,590</u>	<u>0</u>
Total U.S. Department of Agriculture				<u>604,590</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	2015		31,465	0
Title I Grants to Local Educational Agencies	84.010	2016		490,547	0
Total Title I Grants to Local Educational Agencies				<u>522,012</u>	<u>0</u>
<i>Special Education Cluster</i>					
Special Education Grants to States	84.027	2015		2,227	0
Special Education Grants to States	84.027	2016		427,447	0
Total Special Education Grants to States				<u>429,674</u>	<u>0</u>
Special Education Preschool Grants	84.173	2015		2,003	0
Special Education Preschool Grants	84.173	2016		15,538	0
Total Special Education Preschool Grants				<u>17,541</u>	<u>0</u>
<i>Total Special Education Cluster</i>				<u>447,215</u>	<u>0</u>
Improving Teacher Quality State Grants	84.367	2015		15,505	0
Improving Teacher Quality State Grants	84.367	2016		118,871	0
Total Improving Teacher Quality State Grants				<u>134,376</u>	<u>0</u>
21st Century Community Learning Centers	84.287	2015		48	0
21st Century Community Learning Centers	84.287	2016		242,150	0
Total 21st Century Community Learning Centers				<u>242,198</u>	<u>0</u>
Total U.S. Department of Education				<u>1,345,801</u>	<u>0</u>
Total Federal Assistance				<u>\$ 1,950,391</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, 2016

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, 2016. 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 elected not 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, 2016

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): Child Nutrition Cluster School Breakfast Program National School Lunch Program	CFDA # 10.553 10.555
(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
MAY 23, 2017**