



Dave Yost • Auditor of State

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY
JUNE 30, 2017**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities.....	18
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	19
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) General Fund.....	23
Statement of Net Position - Proprietary Fund	24
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund.....	25
Statement of Cash Flows - Proprietary Fund.....	26
Statement of Fiduciary Net Position - Fiduciary Funds.....	27
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	28
Notes to the Basic Financial Statements	29

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY
JUNE 30, 2017**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Prepared by Management (Continued):	
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability (SERS)	66
Schedule of the District's Proportionate Share of the Net Pension Liability (STRS)	67
Schedule of the District's Contributions (SERS)	68
Schedule of the District's Contributions (STRS)	70
Notes to Required Supplementary Information	72
Schedule of Expenditures of Federal Awards	73
Notes to the Schedule of Expenditures of Federal Awards	74
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	75
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	77
Schedule of Findings.....	81
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	85
Corrective Action Plan	86



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Buckeye Joint Vocational School District
Tuscarawas County
545 University Drive, NE
New Philadelphia, Ohio 44663

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Buckeye Joint Vocational School District, Tuscarawas County, Ohio (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Buckeye Joint Vocational School District, Tuscarawas County, Ohio, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Schedule of Expenditures of Federal Awards (the Schedule) presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

December 28, 2017

This page intentionally left blank.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The management's discussion and analysis of the Buckeye Joint Vocational School District (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2017 are as follows:

- In total, net position of governmental activities increased \$624,044 which represents a 6.72% increase from 2016's net position.
- General revenues accounted for \$13,202,474 in revenue or 74.93% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,416,343 or 25.07% of total revenues of \$17,618,817.
- The District had \$16,994,773 in expenses related to governmental activities; \$4,416,343 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$13,202,474 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and the building fund. The general fund had \$14,432,074 in revenues and \$13,468,029 in expenditures. During fiscal year 2017, the general fund's fund balance increased \$964,045 from a balance of \$16,480,957 to \$17,445,002.
- The building fund had \$567,252 in revenues and \$329,613 in expenditures. During fiscal year 2017, the building fund's fund balance increased \$237,639 from \$3,228,597 to \$3,466,236.

Using these Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

The District's statement of net position and statement of activities can be found on pages 17-18 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 12. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the building fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-23 of this report.

Proprietary Funds

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for employee benefits self-insurance. The basic proprietary fund financial statements can be found on pages 24-26 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 27 and 28. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29-64 of this report.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 66 through 72 of this report.

The District as a Whole

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

The table below provides a summary of the District's net position at June 30, 2017 and June 30, 2016.

	Net Position	
	Governmental Activities <u>2017</u>	Governmental Activities <u>2016</u>
<u>Assets</u>		
Current and other assets	\$ 30,871,889	\$ 28,404,421
Capital assets, net	<u>7,387,296</u>	<u>6,989,102</u>
Total assets	<u>38,259,185</u>	<u>35,393,523</u>
<u>Deferred Outflows of Resources</u>		
Pension	<u>4,803,298</u>	<u>2,338,462</u>
Total deferred outflows of resources	<u>4,803,298</u>	<u>2,338,462</u>
<u>Liabilities</u>		
Current liabilities	1,921,035	1,610,586
Long-term liabilities:		
Due within one year	83,461	26,701
Due in more than one year:		
Net pension liability	24,222,260	19,774,875
Other amounts	<u>680,068</u>	<u>568,488</u>
Total liabilities	<u>26,906,824</u>	<u>21,980,650</u>
<u>Deferred Inflows of Resources</u>		
Property taxes levied for next year	6,144,595	5,238,478
Pensions	<u>103,536</u>	<u>1,229,373</u>
Total deferred inflows of resources	<u>6,248,131</u>	<u>6,467,851</u>
<u>Net Position</u>		
Net investment in capital assets	7,013,339	6,897,222
Restricted	4,887,118	4,705,753
Unrestricted (deficit)	<u>(1,992,929)</u>	<u>(2,319,491)</u>
Total net position	<u>\$ 9,907,528</u>	<u>\$ 9,283,484</u>

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

Under the new standards required by GASB 68, the net pension liability equals the 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 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 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.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017, the District's assets and deferred outflows exceeded liabilities and deferred inflows by \$9,907,528.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

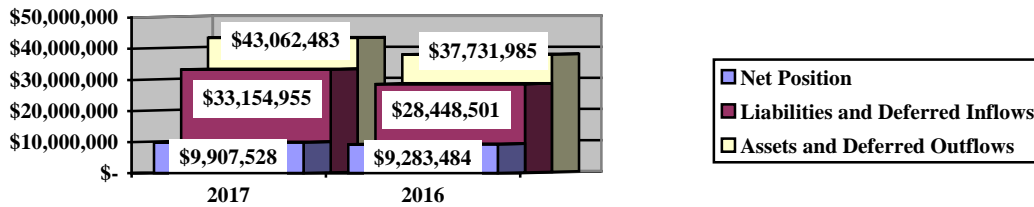
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

At year-end, capital assets represented 19.31% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. The District's net investment in capital assets at June 30, 2017, was \$7,013,339. These capital assets are used to provide services to the students and are not available for future spending.

A portion of the District's net position, \$4,887,118, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is (\$1,992,929).

The table below illustrates the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2017 and June 30, 2016.

Governmental Activities



The table below shows the change in net position for fiscal years 2017 and 2016.

Change in Net Position

	Governmental Activities <u>2017</u>	Governmental Activities <u>2016</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 2,341,051	\$ 1,666,857
Operating grants and contributions	2,075,292	2,025,652
General revenues:		
Property taxes	6,716,462	5,986,360
Grants and entitlements	6,406,306	6,143,564
Investment earnings	52,744	193,798
Other	<u>26,962</u>	<u>16,652</u>
Total revenues	<u>17,618,817</u>	<u>16,032,883</u>

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Change in Net Position

	Governmental Activities <u>2017</u>	Governmental Activities <u>2016</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 1,756,420	\$ 1,936,105
Special	737,723	802,415
Vocational	7,273,598	7,178,702
Adult/continuing	1,188,003	1,059,344
Other	5,666	21,495
Support services:		
Pupil	979,794	1,067,676
Instructional staff	302,699	208,331
Board of education	24,876	26,481
Administration	1,489,824	1,416,013
Fiscal	554,718	463,435
Business	92,746	82,616
Operations and maintenance	1,799,779	1,664,235
Pupil transportation	4,692	10,918
Central	309,521	246,950
Food service operations	463,763	454,275
Extracurricular activities	6,964	7,779
Interest and fiscal charges	<u>3,987</u>	<u>5,414</u>
Total expenses	<u>16,994,773</u>	<u>16,652,184</u>
Change in net position	624,044	(619,301)
Net position at beginning of year	<u>9,283,484</u>	<u>9,902,785</u>
Net position at end of year	<u>\$ 9,907,528</u>	<u>\$ 9,283,484</u>

Governmental Activities

Net position of the District's governmental activities increased \$624,044. Total governmental expenses of \$16,994,773 were offset by program revenues of \$4,416,343 and general revenues of \$13,202,474. Program revenues supported 25.99% of the total governmental expenses.

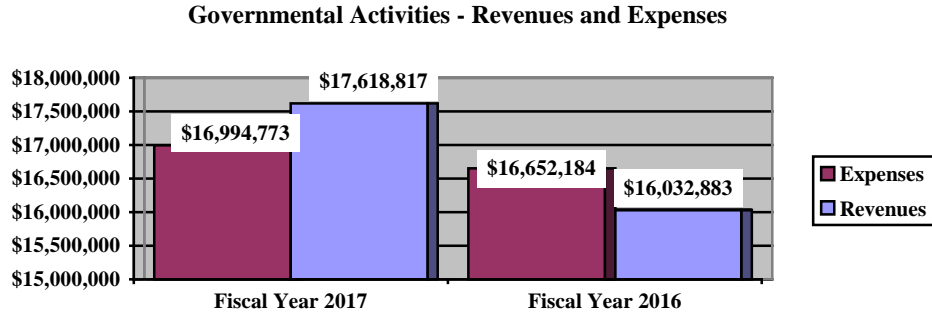
The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements. These revenue sources represent 74.48% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$10,961,410 or 64.50% of total governmental expenses for fiscal year 2017.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2017 and 2016.



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2017 and 2016. That is, it identifies the cost of these services supported by tax revenue, unrestricted State grants and entitlements, and other general revenues.

	Governmental Activities			
	Total Cost of	Net Cost of	Total Cost of	Net Cost of
	Services	Services	Services	Services
	<u>2017</u>	<u>2017</u>	<u>2016</u>	<u>2016</u>
Program expenses				
Instruction:				
Regular	\$ 1,756,420	\$ 1,756,420	\$ 1,936,105	\$ 1,936,105
Special	737,723	737,631	802,415	729,270
Vocational	7,273,598	5,373,909	7,178,702	5,642,404
Adult/continuing	1,188,003	(135,896)	1,059,344	102,778
Other	5,666	5,666	21,495	21,495
Support services:				
Pupil	979,794	687,287	1,067,676	824,873
Instructional staff	302,699	298,854	208,331	202,866
Board of education	24,876	24,876	26,481	26,481
Administration	1,489,824	1,164,429	1,416,013	1,148,160
Fiscal	554,718	554,718	463,435	463,435
Business	92,746	92,746	82,616	82,616
Operations and maintenance	1,799,779	1,784,943	1,664,235	1,664,235
Pupil transportation	4,692	4,692	10,918	10,918
Central	309,521	231,481	246,950	98,741
Food service operations	463,763	(14,277)	454,275	(7,895)
Extracurricular activities	6,964	6,964	7,779	7,779
Interest and fiscal charges	3,987	3,987	5,414	5,414
Total expenses	<u>\$ 16,994,773</u>	<u>\$ 12,578,430</u>	<u>\$ 16,652,184</u>	<u>\$ 12,959,675</u>

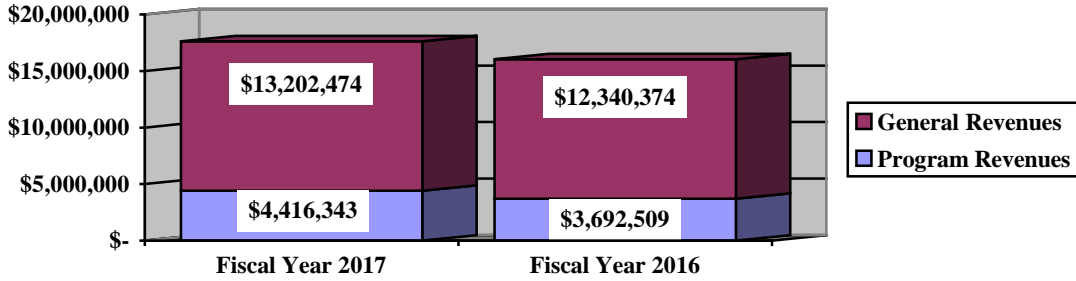
The dependence upon tax and other general revenues for governmental activities is apparent, as 70.59% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 74.01%. The District's taxpayers and State funding are the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2017 and 2016.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$22,233,199 which is more than last year's total of \$21,097,404. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2017 and 2016.

	Fund Balance <u>June 30, 2017</u>	Fund Balance <u>June 30, 2016</u>	Increase (Decrease)	Percentage <u>Change</u>
General	\$ 17,445,002	\$ 16,480,957	\$ 964,045	5.85 %
Building	3,466,236	3,228,597	237,639	7.36 %
Other Governmental	<u>1,321,961</u>	<u>1,387,850</u>	<u>(65,889)</u>	(4.75) %
Total	<u>\$ 22,233,199</u>	<u>\$ 21,097,404</u>	<u>\$ 1,135,795</u>	5.38 %

General Fund

The increase in taxes is due to an increase in property valuation. The decrease in earnings on investments was primarily due to a decrease in investment accounts and fair market value adjustments. The increase in charges for services was due to an increase in rotary fund customer services. The increase in expenditures is primarily due to the increase in vocational instruction expenditures. All other revenues and district expenditures remained relatively consistent with the prior year.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The table that follows assists in illustrating the general fund revenues for fiscal years 2017 and 2016.

	<u>2017</u> <u>Amount</u>	<u>2016</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 6,206,704	\$ 5,566,872	\$ 639,832	11.49 %
Tuition	371,950	341,324	30,626	8.97 %
Earnings on investments	53,709	176,155	(122,446)	(69.51) %
Charges for services	403,301	231,818	171,483	73.97 %
Classroom materials and fees	76,215	62,648	13,567	21.66 %
Intergovernmental	7,271,587	6,936,412	335,175	4.83 %
Other revenues	<u>48,608</u>	<u>26,687</u>	<u>21,921</u>	82.14 %
Total	<u>\$ 14,432,074</u>	<u>\$ 13,341,916</u>	<u>\$ 1,090,158</u>	8.17 %
<u>Expenditures</u>				
Instruction	\$ 9,093,377	\$ 7,935,999	\$ 1,157,378	14.58 %
Support services	4,337,629	4,278,203	59,426	1.39 %
Extracurricular activities	6,335	7,894	(1,559)	(19.75) %
Debt service	<u>30,688</u>	<u>43,445</u>	<u>(12,757)</u>	(29.36) %
Total	<u>\$ 13,468,029</u>	<u>\$ 12,265,541</u>	<u>\$ 1,202,488</u>	9.80 %

Building Fund

The building fund had \$567,252 in revenues and other financing sources and \$329,613 in expenditures. Expenditures in the building fund decreased \$774,285 due to the completion of parking lot lighting improvements in fiscal year 2016. The building fund's fund balance increased \$237,639 from \$3,228,597 to \$3,466,236 during fiscal year 2017.

General Fund Budgeting Highlights

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

During the course of fiscal year 2017, the District amended its general fund budget several times. For the general fund, original budgeted revenues were \$13,003,628 which was the same as final budgeted revenues. Actual revenues and other financing sources for fiscal year 2017 were \$14,301,730. This represents a \$1,298,102 increase over final budgeted revenues.

General fund original appropriations (appropriated expenditures) was \$13,659,655 which was \$99,998 less than final budgeted appropriations of \$13,759,653. The actual budget basis expenditures and other financing uses for fiscal year 2017 totaled \$13,409,138, which was \$350,515 less than the final budget appropriations, due to controls on spending.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the District had \$7,387,296 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2017 balances compared to 2016:

**Capital Assets at June 30, 2017
(Net of Depreciation)**

	Governmental Activities	
	2017	2016
Land	\$ 837,336	\$ 582,550
Construction in progress	308,778	-
Land improvements	1,098,670	1,159,166
Building and improvements	3,504,763	3,684,682
Furniture and equipment	1,621,794	1,532,265
Vehicles	15,955	30,439
Total	\$ 7,387,296	\$ 6,989,102

The overall increase in capital assets of \$398,194 is due to capital outlays of \$1,003,024 exceeding depreciation expense of \$604,830 in the fiscal year.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2017, the District had \$65,179 in capital lease obligations outstanding. Of this total, \$28,067 is due within one year and \$37,112 is due within greater than one year. The following table summarizes the outstanding debt at year end.

Outstanding Debt, at Year End

	Governmental Activities <u>2017</u>	Governmental Activities <u>2016</u>
	Capital lease obligations	\$ 65,179
Total	\$ 65,179	\$ 91,880

See Note 11 to the basic financial statements for additional information on the District's long-term obligations.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Current Financial Related Activities

The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast.

The financial future of the District is not without its challenges. These challenges are internal and external in nature. The internal challenges will continue to exist as the District must rely heavily on local property taxes to fund its operations. External challenges continue to evolve as the State of Ohio determines the outcome of the Ohio Supreme Court case dealing with the unconstitutionality of the State's educational funding system.

Although the District relies heavily on its property taxpayers to support its operations, the community support for the District is quite strong. Both of our levies have been renewed by an overwhelming margin. The District expects to have a positive general fund balance through 2020. We have tried to communicate to the public the service that our District provides to the community. We have a very strong adult education program that services many of our community members. The District has a strong public relations campaign that explains to the public what we are trying to do.

Externally, the State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational funding system, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its additional financial support toward Career District's with little property tax wealth. In May of 2001, the Ohio Supreme Court again, ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes, which are inherently not "equitable" nor "adequate". The court directed the Governor and the legislature to address the fundamental issue creating the inequities. In December 2002, the Ohio Supreme Court issued its latest opinion that Ohio's current school funding system is unconstitutional. However, the Supreme Court also relinquished jurisdiction over the case and directed the "...Ohio General Assembly to enact a school funding scheme that is thorough and efficient..."

The District does anticipate an increase in the State revenue. Under the State budget that was enacted in June 2016. The District is expected to receive additional revenue locally, from a replacement levy that was approved by the voters in November 2012. Enrollment is beginning to increase slightly.

As a result of the challenges mentioned above, it is imperative that the District's management continue to carefully and prudently plan to provide the resources required to meet student needs over the next several years.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show that the District is accountable for the money it receives. If you have questions about this report or need additional financial information contact Ms. Cheryl A. Pritts, Treasurer, Buckeye Joint Vocational School, 545 University Drive NE, New Philadelphia, OH 44663, or email at cptritts@buckeyecareercenter.org.

THIS PAGE IS INTENTIONALLY LEFT BLANK

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 23,006,272
Cash with fiscal agent	491,944
Receivables:	
Property taxes	7,061,110
Accounts.	46,836
Accrued interest	26,096
Intergovernmental	118,213
Prepayments	33,640
Materials and supplies inventory.	87,420
Inventory held for resale.	358
Capital assets:	
Land and construction in progress	1,146,114
Depreciable capital assets, net.	6,241,182
Capital assets, net.	7,387,296
Total assets.	38,259,185
 Deferred outflows of resources:	
Pension - STRS	3,685,042
Pension - SERS	1,118,256
Total deferred outflows of resources	4,803,298
 Liabilities:	
Accounts payable.	81,293
Contracts payable.	308,778
Accrued wages and benefits payable	938,143
Intergovernmental payable	124,066
Pension and postemployment benefits payable.	136,493
Claims payable.	234,516
Accrued vacation payable	97,746
Long-term liabilities:	
Due within one year.	83,461
Due in more than one year:	
Net pension liability	24,222,260
Other amounts due in more than one year	680,068
Total liabilities	26,906,824
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	6,144,595
Pension - SERS.	103,536
Total deferred inflows of resources	6,248,131
 Net position:	
Net investment in capital assets	7,013,339
Restricted for:	
Capital projects	3,481,032
State funded programs.	26,379
Federally funded programs	14,383
Adult education	1,365,324
Unrestricted (deficit)	(1,992,929)
Total net position.	\$ 9,907,528

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
Governmental activities:				
Instruction:				
Regular	\$ 1,756,420	\$ -	\$ -	\$ (1,756,420)
Special	737,723	-	92	(737,631)
Vocational	7,273,598	873,112	1,026,577	(5,373,909)
Adult/continuing.	1,188,003	970,982	352,917	135,896
Other	5,666	-	-	(5,666)
Support services:				
Pupil.	979,794	39,494	253,013	(687,287)
Instructional staff	302,699	-	3,845	(298,854)
Board of education	24,876	-	-	(24,876)
Administration.	1,489,824	208,682	116,713	(1,164,429)
Fiscal.	554,718	-	-	(554,718)
Business.	92,746	-	-	(92,746)
Operations and maintenance	1,799,779	12,116	2,720	(1,784,943)
Pupil transportation.	4,692	-	-	(4,692)
Central	309,521	-	78,040	(231,481)
Operation of non-instructional services:				
Food service operations	463,763	236,665	241,375	14,277
Extracurricular activities.	6,964	-	-	(6,964)
Interest and fiscal charges	3,987	-	-	(3,987)
Total governmental activities	\$ 16,994,773	\$ 2,341,051	\$ 2,075,292	(12,578,430)

General revenues:

Property taxes levied for:	
General purposes	6,199,726
Capital outlay.	516,736
Grants and entitlements not restricted to specific programs	6,406,306
Investment earnings	52,744
Miscellaneous	26,962
Total general revenues	13,202,474
Change in net position	624,044
Net position at beginning of year	9,283,484
Net position at end of year.	\$ 9,907,528

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General</u>	<u>Building</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 17,849,493	\$ 3,500,598	\$ 1,656,181	\$ 23,006,272
Receivables:				
Property taxes.	6,532,848	528,262	-	7,061,110
Accounts	325	-	46,511	46,836
Accrued interest	26,096	-	-	26,096
Intergovernmental.	14,299	-	103,914	118,213
Prepayments.	32,897	-	743	33,640
Materials and supplies inventory.	87,420	-	-	87,420
Inventory held for resale.	-	-	358	358
Due from other funds	53,274	-	-	53,274
Loans to other funds.	10,000	-	-	10,000
Total assets	<u>\$ 24,606,652</u>	<u>\$ 4,028,860</u>	<u>\$ 1,807,707</u>	<u>\$ 30,443,219</u>
Liabilities:				
Accounts payable	\$ 77,525	\$ -	\$ 3,768	\$ 81,293
Contracts payable.	-	83,850	224,928	308,778
Accrued wages and benefits payable	863,151	-	74,992	938,143
Compensated absences payable	55,394	-	-	55,394
Intergovernmental payable	120,772	-	3,294	124,066
Pension and postemployment benefits payable.	116,415	-	20,078	136,493
Due to other funds	-	-	53,274	53,274
Loans from other funds	-	-	10,000	10,000
Total liabilities.	<u>1,233,257</u>	<u>83,850</u>	<u>390,334</u>	<u>1,707,441</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	5,684,901	459,694	-	6,144,595
Delinquent property tax revenue not available.	235,950	19,080	-	255,030
Intergovernmental revenue not available.	-	-	48,901	48,901
Accrued interest not available.	7,542	-	-	7,542
Miscellaneous revenue not available.	-	-	46,511	46,511
Total deferred inflows of resources	<u>5,928,393</u>	<u>478,774</u>	<u>95,412</u>	<u>6,502,579</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory.	87,420	-	-	87,420
Prepays.	32,897	-	743	33,640
Long-term loans.	10,000	-	-	10,000
Unclaimed monies	2,043	-	-	2,043
Restricted:				
Capital improvements	-	3,466,236	-	3,466,236
Adult education	-	-	1,301,230	1,301,230
Food service operations	-	-	65,929	65,929
Other purposes.	-	-	5,400	5,400
Assigned:				
Student instruction	60,179	-	-	60,179
Student and staff support.	70,252	-	-	70,252
Capital improvements	113,577	-	-	113,577
Subsequent year's appropriations	1,301,646	-	-	1,301,646
School supplies	75,442	-	-	75,442
Other purposes.	70,761	-	-	70,761
Unassigned (deficit)	15,620,785	-	(51,341)	15,569,444
Total fund balances	<u>17,445,002</u>	<u>3,466,236</u>	<u>1,321,961</u>	<u>22,233,199</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 24,606,652</u>	<u>\$ 4,028,860</u>	<u>\$ 1,807,707</u>	<u>\$ 30,443,219</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2017

Total governmental fund balances		\$	22,233,199
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			7,387,296
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	255,030	
Accounts receivable		46,511	
Accrued interest receivable		7,542	
Intergovernmental receivable		48,901	
Total		48,901	357,984
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			257,428
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 governmental funds:			
Deferred outflows of resources - pension		4,803,298	
Deferred inflows of resources - pension		(103,536)	
Net pension liability		(24,222,260)	
Total		(24,222,260)	(19,522,498)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Capital lease obligations		(65,179)	
Sick leave obligation		(642,956)	
Accrued vacation payable		(97,746)	
Total		(805,881)	(805,881)
Net position of governmental activities		\$	9,907,528

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General	Building	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Property taxes	\$ 6,206,704	\$ 513,339	\$ -	\$ 6,720,043
Tuition.	371,950	-	1,185,790	1,557,740
Earnings on investments	53,709	-	-	53,709
Charges for services	-	-	236,665	236,665
Classroom materials and fees	76,215	-	19,780	95,995
Contributions and donations	17,500	-	-	17,500
Contract services.	403,301	-	-	403,301
Other local revenues	31,108	-	48	31,156
Intergovernmental - state	7,271,587	53,913	328,512	7,654,012
Intergovernmental - federal	-	-	873,740	873,740
Total revenues	<u>14,432,074</u>	<u>567,252</u>	<u>2,644,535</u>	<u>17,643,861</u>
Expenditures:				
Current:				
Instruction:				
Regular.	1,628,608	-	-	1,628,608
Special	694,922	-	109	695,031
Vocational	6,762,749	38,782	119,374	6,920,905
Adult/continuing	1,425	-	1,187,667	1,189,092
Other	5,673	-	-	5,673
Support services:				
Pupil	602,202	-	327,172	929,374
Instructional staff	229,017	-	3,976	232,993
Board of education	23,938	-	-	23,938
Administration	1,156,868	-	296,694	1,453,562
Fiscal	526,449	11,709	-	538,158
Business.	87,339	-	-	87,339
Operations and maintenance	1,510,178	185,439	13,031	1,708,648
Central	201,638	-	92,757	294,395
Operation of non-instructional services:				
Food service operations.	-	-	444,612	444,612
Extracurricular activities	6,335	-	-	6,335
Facilities acquisition and construction.	-	93,683	225,032	318,715
Debt service:				
Principal retirement.	26,701	-	-	26,701
Interest and fiscal charges	3,987	-	-	3,987
Total expenditures	<u>13,468,029</u>	<u>329,613</u>	<u>2,710,424</u>	<u>16,508,066</u>
Net change in fund balances	964,045	237,639	(65,889)	1,135,795
Fund balances at beginning of year.	<u>16,480,957</u>	<u>3,228,597</u>	<u>1,387,850</u>	<u>21,097,404</u>
Fund balances at end of year.	<u>\$ 17,445,002</u>	<u>\$ 3,466,236</u>	<u>\$ 1,321,961</u>	<u>\$ 22,233,199</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds	\$	1,135,795
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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.		
Capital asset additions	\$ 1,003,024	
Current year depreciation	<u>(604,830)</u>	
Total		398,194
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(3,581)	
Tuition	25,704	
Earnings on investments	(6,342)	
Intergovernmental	<u>(46,202)</u>	
Total		(30,421)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		26,701
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		1,213,426
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(2,070,138)
Some expenses reported in the statement of activities, such as sick leave obligations and accrued vacation payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(138,175)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>88,662</u>
Change in net position of governmental activities	\$	<u>624,044</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 5,738,307	\$ 5,738,307	\$ 6,296,898	\$ 558,591
Tuition.	347,000	347,000	371,950	24,950
Earnings on investments	120,000	120,000	170,893	50,893
Classroom materials and fees	20,000	20,000	17,777	(2,223)
Contributions and donations	1,500	1,500	17,500	16,000
Contract services.	700	700	866	166
Other local revenues	20,000	20,000	26,096	6,096
Intergovernmental - state	6,756,121	6,756,121	7,319,543	563,422
Total revenues	<u>13,003,628</u>	<u>13,003,628</u>	<u>14,221,523</u>	<u>1,217,895</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,626,899	1,696,143	1,641,507	54,636
Special.	631,809	619,857	690,532	(70,675)
Vocational.	6,633,691	6,647,701	6,508,222	139,479
Other.	42,671	41,864	5,672	36,192
Support services:				
Pupil.	730,019	716,259	646,874	69,385
Instructional staff	222,432	236,424	260,580	(24,156)
Board of education	20,862	26,206	25,697	509
Administration.	1,237,245	1,234,804	1,164,689	70,115
Fiscal	508,489	500,736	535,006	(34,270)
Business	91,735	90,000	88,616	1,384
Operations and maintenance.	1,798,310	1,836,351	1,574,890	261,461
Pupil transportation	1,860	1,825	-	1,825
Central.	105,035	103,048	185,518	(82,470)
Extracurricular activities.	8,598	8,435	6,335	2,100
Total expenditures	<u>13,659,655</u>	<u>13,759,653</u>	<u>13,334,138</u>	<u>425,515</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(656,027)</u>	<u>(756,025)</u>	<u>887,385</u>	<u>1,643,410</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	-	80,207	80,207
Transfers (out).	-	-	(75,000)	(75,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,207</u>	<u>5,207</u>
Net change in fund balance	(656,027)	(756,025)	892,592	1,648,617
Fund balance at beginning of year	16,462,131	16,462,131	16,462,131	-
Prior year encumbrances appropriated	258,394	258,394	258,394	-
Fund balance at end of year	<u>\$ 16,064,498</u>	<u>\$ 15,964,500</u>	<u>\$ 17,613,117</u>	<u>\$ 1,648,617</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2017

	<u>Governmental Activities - Internal Service Fund</u>
Assets:	
Cash with fiscal agent	\$ 491,944
Total assets.	<u>491,944</u>
Liabilities:	
Claims payable	<u>234,516</u>
Total liabilities	<u>234,516</u>
Net position:	
Unrestricted.	<u>257,428</u>
Total net position.	<u><u>\$ 257,428</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services.	\$ 1,671,952
Total operating revenues	<u>1,671,952</u>
Operating expenses:	
Purchased services.	339,315
Claims	<u>1,245,385</u>
Total operating expenses.	<u>1,584,700</u>
Operating income	<u>87,252</u>
Nonoperating revenues:	
Interest revenue	<u>1,410</u>
Total nonoperating revenues.	<u>1,410</u>
Change in net position	88,662
Net position at beginning of year.	<u>168,766</u>
Net position at end of year	<u>\$ 257,428</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from charges for services	\$ 1,671,952
Cash payments for contractual services	(339,315)
Cash payments for claims	<u>(1,313,058)</u>
Net cash provided by operating activities	<u>19,579</u>
Cash flows from investing activities:	
Interest received	<u>1,410</u>
Net cash provided by investing activities	<u>1,410</u>
Net increase in cash with fiscal agent	20,989
Cash with fiscal agent at beginning of year	470,955
Cash with fiscal agent at end of year	<u><u>\$ 491,944</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 87,252
Changes in liabilities:	
Decrease in claims payable	<u>(67,673)</u>
Net cash provided by operating activities	<u><u>\$ 19,579</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 82,825	\$ 58,905
Receivables:		
Accrued interest.	30	-
Total assets.	82,855	\$ 58,905
Liabilities:		
Due to students.	-	\$ 58,905
Total liabilities	-	\$ 58,905
Net position:		
Held in trust for scholarships	82,855	
Total net position.	\$ 82,855	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 349
Deductions:	
Other	890
Change in net position	(541)
Net position at beginning of year.	83,396
Net position at end of year	\$ 82,855

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 - DESCRIPTION OF THE DISTRICT

The Buckeye Joint Vocational School District (the "District") is defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District exposes students to job training leading to employment upon graduation from high school. The District encompasses eleven members spread throughout Carroll, Coshocton, Guernsey, Harrison, Holmes, Stark, Tuscarawas and Wayne counties.

The District operates under an eleven member board representing Dover, New Philadelphia, Carrollton, Garaway, East Holmes, Strasburg, Conotton Valley, Claymont, Newcomerstown, Indian Valley and Tuscarawas Valley School Districts. Each Board member is elected to their home District and then appointed to the District's Board. The District provides educational services as authorized by State statute and federal guidelines. The District employs 105 certified employees, 9 administrators and 54 non-certified employees who provide services to 859 students and 1,000 adult education students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

JOINTLY GOVERNED ORGANIZATION

Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA)

The Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) was created as a regional council of governments pursuant to State statutes. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, Monroe, Muskingum, Noble and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating Districts' elected boards, which possesses its own budgeting and taxing authority. OME-RESA provides financial accounting services, educational management information, and cooperative purchasing to member Districts. The Jefferson County Educational Service Center serves as fiscal agent and receives funding from the State Department of Education. The District paid \$32,733 to OME-RESA during fiscal year 2017 for services. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Steubenville, Ohio 43952.

INSURANCE PURCHASING POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool. The Plan's business and affairs are conducted by a three-member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

Ohio School Plan

The District participates in the Ohio School Plan (the "Plan"), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Hyre Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. serves as the sales and marketing representative which established agreements between the Plan and its members. Financial information can be obtained from Harcum-Hyre Insurance Agency Inc., 246 East Sycamore Street, Columbus, Ohio 43205.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

PUBLIC ENTITY RISK POOLS

Jefferson Health Plan (JHP) Health Benefits Program

The JHP is a council of governments of school districts and other political subdivisions organized and existing as a joint self-insurance program pursuant to Section 9.833 of the Ohio Revised Code providing health care and related insurance benefits to over fifty member organizations. The JHP's business affairs are conducted by a Board of Directors elected from member organizations and composed of one representative from each county served and a career center representative. Each member organization pays a monthly premium based on its claims history and a monthly administration fee.

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

Governmental funds focus 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 deferred outflows and liabilities and deferred inflows is reported as fund balance. The following are the District's major governmental funds:

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

Building fund - The building capital projects fund accounts for tax revenues that are used for any updates or major building renovations.

Other governmental funds of the District are used to account for specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUND

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides medical/surgical, dental and vision benefits to employees.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for donated monies restricted to provide college scholarship assistance to a graduate of the District. The District's agency funds are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. The agency funds reflect resources that belong to the student bodies of the various schools, accounting for sales and other revenue generating activities.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of this fund are included on the statement of fund net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's internal service fund is charges for services. Operating expenses for the internal service fund includes claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

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. Governmental funds use the modified accrual basis of accounting on the fund financial statements. Proprietary and Fiduciary funds use the accrual basis of accounting.

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

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

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

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Note 14 for deferred outflows of resources related the District's net pension liability.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Note 14 for deferred inflows of resources related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Tax Budget

Tuscarawas County has waived the requirement of the formal tax budget. The county budget commission requires tax levy fund information and summary data for all funds to be submitted to the County Auditor, as Secretary of the County Budget Commission, by April 1st of each year, for the period July 1 to June 30 of the following year.

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the original and final certificate of estimated resources issued during fiscal year 2017.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate of estimated resources saying no new certificate of estimated resources is necessary, the annual appropriations resolution must be legally enacted by the Board of Education at the fund level, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriations resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation total at the legal level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the fiscal year, supplemental appropriations were legally enacted.

The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the fiscal year for all funds, other than agency funds, consistent with statutory provisions.

Lapsing of Appropriations

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

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

F. Cash and Investments

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

Investments are reported at fair value which is based on quoted market prices.

During fiscal year 2017, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

Under existing Ohio statute, interest earnings are allocated to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2017 amounted to \$53,709, which included \$12,216 assigned from other District funds.

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

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

G. Inventory

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

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

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. During fiscal year 2017, the District’s capitalization threshold is \$5,000. Donated capital assets are recorded at their fair market values as of the date received. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	8 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “loans to/from other funds”. On fund financial statements, receivables and payables resulting from cash deficits among the governmental activities are classified as “due to/ from other funds”. These amounts are eliminated in the governmental activities column on the statement of net position.

J. Compensated Absences

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

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees that will meet the eligibility limits within the next four years are expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2017 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

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

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

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

M. Net Position

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

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

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

O. Estimates

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

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are charges for services for the employee self-insurance program. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activities of the fund, including claims and administrative expenses. Revenues and expenses not reported as operating are reported as nonoperating revenues and expenses.

Q. Interfund Activity

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

R. 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.

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2017.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

T. Fair Market Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2017, the District has implemented GASB Statement No. 77, “*Tax Abatement Disclosures*”, GASB Statement No. 78, “*Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*”, GASB Statement No. 80, “*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*” and GASB Statement No. 82, “*Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*”.

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government’s tax revenues. These disclosures were incorporated in the District’s fiscal year 2017 financial statements (see Note 20); however, there was no effect on beginning net position/fund balance.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the District.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the District.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2017 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Adult basic education	\$ 2,340
Vocational education	49,001

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statute classifies monies held by the District into three categories.

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies 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 or by savings accounts, including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

5. No-load money market mutual funds consisting exclusively of obligations described items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days and 270 days, respectively, from the purchase date in an amount not to exceed 40% of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt instrument rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

A. Cash on Hand

At fiscal year end, the District had \$325 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents."

B. Cash with Fiscal Agent

The District is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2017 was \$491,944. This amount is not included in the "deposits" or "investments" reported below.

C. Deposits with Financial Institutions

At June 30, 2017, the carrying amount of all District deposits was \$10,667,466. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, \$7,146,827 of the District's bank balance of \$10,712,654 was exposed to custodial risk as discussed below, while \$3,565,827 was covered by the FDIC.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute.

D. Investments

As of June 30, 2017, the District had the following investments and maturities:

Measurement/ Investment type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair value:						
FFCB	\$ 1,501,200	\$ -	\$ -	\$ -	\$ 1,005,116	\$ 496,084
FNMA	3,791,362	-	-	1,099,305	-	2,692,057
Negotiable CDs	1,983,104	246,058	-	495,796	-	1,241,250
Commercial Paper	3,666,191	-	3,666,191	-	-	-
Money Market	20,391	20,391	-	-	-	-
Amortized cost:						
STAR Ohio	1,517,963	1,517,963	-	-	-	-
Total	<u>\$ 12,480,211</u>	<u>\$ 1,784,412</u>	<u>\$ 3,666,191</u>	<u>\$ 1,595,101</u>	<u>\$ 1,005,116</u>	<u>\$ 4,429,391</u>

The weighted average maturity of investments is 1.68 years.

The District's investments in federal agency securities, negotiable certificates of deposit, commercial paper and money markets are valued using quoted market prices that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District's investments in federal agency securities were rated AA+ and Aaa by Standard and Poor's and Moody's Investor Services, respectively. The District's investments in commercial paper was rated A-1 and P-1 by Standard & Poor's and Moody's Investor Services, respectively. The money market and negotiable CDs were not rated. The negotiable CDs were fully covered by the FDIC. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities and commercial paper are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2017:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% to Total</u>
Fair value:		
FFCB	\$ 1,501,200	12.03
FNMA	3,791,362	30.38
Negotiable CDs	1,983,104	15.89
Commercial Paper	3,666,191	29.38
Money Market	20,391	0.16
Amortized cost:		
STAR Ohio	<u>1,517,963</u>	<u>12.16</u>
Total	<u>\$ 12,480,211</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2017:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 10,667,466
Investments	12,480,211
Cash with fiscal agent	491,944
Cash on hand	<u>325</u>
Total	<u>\$ 23,639,946</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 23,498,216
Private-purpose trust fund	82,825
Agency fund	<u>58,905</u>
Total	<u>\$ 23,639,946</u>

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 5 - INTERFUND TRANSACTIONS

- A. Long-term interfund loans consisted of the following at June 30, 2017, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental	<u>\$ 10,000</u>

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

- B. Interfund balances at June 30, 2017, as reported on the fund statements consist of \$53,274 due to the general fund from various nonmajor governmental funds. The primary purpose of the due to/from other funds is to cover negative cash in those funds. The interfund balances will be repaid once the anticipated revenues are received.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed values as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Public utility real and personal property taxes received in calendar year 2017 became a lien on December 31, 2015, were levied after April 1, 2016, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Tuscarawas, Carroll, Harrison, Stark, Holmes, Wayne, Coshocton and Guernsey Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available as an advance at June 30, 2017 was \$611,997 in the general fund and \$49,488 in the building fund. This amount is recorded as revenue. The amount available for advance at June 30, 2016 was \$702,191 in the general fund and \$45,331 in the building fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2017 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 6 - PROPERTY TAXES (Continued)

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

The assessed values upon which the fiscal year 2017 taxes were collected are:

	2016 Second Half Collections		2017 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 2,638,918,080	91.73	\$ 2,892,133,950	91.43
Public utility personal	<u>238,022,210</u>	<u>8.27</u>	<u>271,151,100</u>	<u>8.57</u>
Total	<u>\$ 2,876,940,290</u>	<u>100.00</u>	<u>\$ 3,163,285,050</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$2.80		\$2.80	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2017 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Taxes	\$ 7,061,110
Accounts	46,836
Intergovernmental	118,213
Accrued interest	<u>26,096</u>
Total receivables	<u>\$ 7,252,255</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 8 - CAPITAL ASSETS

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

	<u>Balance</u> <u>6/30/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/17</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 582,550	\$ 254,786	\$ -	\$ 837,336
Construction in progress	<u>-</u>	<u>308,778</u>	<u>-</u>	<u>308,778</u>
Total capital assets, not being depreciated	<u>582,550</u>	<u>563,564</u>	<u>-</u>	<u>1,146,114</u>
Capital assets, being depreciated:				
Land improvements	2,031,848	-	-	2,031,848
Buildings and improvements	14,031,029	5,744	-	14,036,773
Furniture and equipment	6,530,151	433,716	(250,181)	6,713,686
Vehicles	<u>510,216</u>	<u>-</u>	<u>-</u>	<u>510,216</u>
Total capital assets, being depreciated	<u>23,103,244</u>	<u>439,460</u>	<u>(250,181)</u>	<u>23,292,523</u>
Less: accumulated depreciation:				
Land improvements	(872,682)	(60,496)	-	(933,178)
Buildings and improvements	(10,346,347)	(185,663)	-	(10,532,010)
Furniture and equipment	(4,997,886)	(344,187)	250,181	(5,091,892)
Vehicles	<u>(479,777)</u>	<u>(14,484)</u>	<u>-</u>	<u>(494,261)</u>
Total accumulated depreciation	<u>(16,696,692)</u>	<u>(604,830)</u>	<u>250,181</u>	<u>(17,051,341)</u>
Governmental activities capital assets, net	<u>\$ 6,989,102</u>	<u>\$ 398,194</u>	<u>\$ -</u>	<u>\$ 7,387,296</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 15,114
Special	310
Vocational	561,311
Adult/continuing education	12,775
Support Services:	
Instructional staff	3,040
Administration	214
Operations and maintenance	7,166
Pupil transportation	4,692
Food service operations	<u>208</u>
Total depreciation expense	<u>\$ 604,830</u>

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 9 - OPERATING LEASE - LESSEE AND LESSOR DISCLOSURE

The District is the lessor of oil and gas rights on certain land parcels owned by the District to the Sound Energy Company and Greenwood Resources, LLC. The lease agreements are from February 22, 2012 through February 21, 2017. The District received ten dollars at the execution of the lease and will receive one-eighth of the net revenue realized by the lessee for all oil and gas.

NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In previous years, the District entered into capitalized leases for copier equipment. These lease agreements meet the criteria of capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$254,485. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2017 was \$157,195, leaving a current book value of \$97,290. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2017 totaled \$26,701 paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2017:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2018	\$ 30,688
2019	30,688
2020	<u>7,672</u>
Total minimum lease payments	69,048
Less: amount representing interest	<u>(3,869)</u>
Total	<u>\$ 65,179</u>

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - LONG-TERM OBLIGATIONS

A. The changes in the District's long-term obligations during the year consist of the following.

	<u>Balance</u> <u>6/30/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/17</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
Governmental activities:					
Sick leave	\$ 503,309	\$ 220,069	\$ (25,028)	\$ 698,350	\$ 55,394
Net pension liability	19,774,875	4,447,385	-	24,222,260	-
Capital lease obligation	<u>91,880</u>	<u>-</u>	<u>(26,701)</u>	<u>65,179</u>	<u>28,067</u>
Total governmental activities long-term liabilities	<u>\$ 20,370,064</u>	<u>\$ 4,667,454</u>	<u>\$ (51,729)</u>	<u>\$ 24,985,789</u>	<u>\$ 83,461</u>

Sick leave will be paid from the fund from which the employee is paid, which is primarily the general fund, adult education fund (a nonmajor governmental fund), adult basic education fund (a nonmajor governmental fund) and the food service fund (a nonmajor governmental fund).

Capital lease obligation: See Note 10 for detail on the District's capital lease obligation.

Net Pension Liability - See Note 14 for detail on the District's net pension liability.

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2017, are a voted debt margin of \$284,695,565 and an unvoted debt margin of \$3,163,284.

NOTE 12 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2016, the District contracted with Ohio Casualty Insurance Company for property and general liability insurance. The Netherlands Insurance Company also covers commercial property, crime, inland marine, and boiler and machinery with a blanket \$54,923,977 insured value and a \$1,000 deductible.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 12 - RISK MANAGEMENT (Continued)

Professional liability is provided by the Ohio School Plan with \$3,000,000 single occurrence and a \$5,000,000 aggregate limit and no deductible. Vehicles are covered by Consolidated Insurance Company with comprehensive coverage and a \$250 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability.

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

B. Workers' Compensation

For fiscal year 2017, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating Districts is calculated as on experience and a common premium rate is applied to all Districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the group rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. Participation in the GRP is limited to Districts that can meet the GRP's selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the GRP.

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty days of vacation per year, depending on the length of service. Vacation days are credited to the classified employees on September 1 of each year. Vacation cannot be carried forward. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave can be accumulated to a maximum of 225 days. Upon retirement, payment is made for 28 percent of the total sick leave accumulation, up to a maximum accumulation of 63 days severance pay at the daily rate of the employee.

B. Employee Group Medical/Surgical, Dental and Vision Insurance

Medical/surgical, dental and vision insurance is offered to employees through a self-insurance internal service fund. The District is a member of the JHP Health Benefits Program. The claims liability of \$234,516 reported in the internal service fund at June 30, 2017 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 13 - OTHER EMPLOYEE BENEFITS (Continued)

Changes in claims activity are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2017	\$ 302,189	\$ 2,085,566	\$ (2,153,239)	\$ 234,516
2016	163,330	2,772,009	(2,633,150)	302,189

C. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees through Healthsmart and Fort Dearborn Life in the amount of \$50,000.

NOTE 14 - 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 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.

The Ohio Revised Code limits the District’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the 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 *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

Plan Description –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 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 District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$268,107 for fiscal year 2017. Of this amount, \$4,663 is reported as pension and postemployment benefits payable.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description –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 will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five 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.

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.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The District’s contractually required contribution to STRS was \$945,319 for fiscal year 2017. Of this amount, \$112,697 is reported as pension and postemployment benefits 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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the 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:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.06160920%	0.05883182%	
Proportion of the net pension liability current measurement date	0.05912650%	0.05943518%	
Change in proportionate share	-0.00248270%	0.00060336%	
Proportionate share of the net pension liability	\$ 4,327,514	\$ 19,894,746	\$ 24,222,260
Pension expense	\$ 512,258	\$ 1,557,880	\$ 2,070,138

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 58,369	\$ 803,843	\$ 862,212
Net difference between projected and actual earnings on pension plan investments	356,958	1,651,800	2,008,758
Changes of assumptions	288,885	-	288,885
Difference between District contributions and proportionate share of contributions/ change in proportionate share	145,937	284,080	430,017
District contributions subsequent to the measurement date	<u>268,107</u>	<u>945,319</u>	<u>1,213,426</u>
Total deferred outflows of resources	<u><u>\$ 1,118,256</u></u>	<u><u>\$ 3,685,042</u></u>	<u><u>\$ 4,803,298</u></u>
Deferred inflows of resources			
Difference between District contributions and proportionate share of contributions/ change in proportionate share	<u>\$ 103,536</u>	<u>\$ -</u>	<u>\$ 103,536</u>
Total deferred inflows of resources	<u><u>\$ 103,536</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 103,536</u></u>

\$1,213,426 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2018	\$ 206,668	\$ 469,855	\$ 676,523
2019	206,413	469,856	676,269
2020	230,919	1,103,695	1,334,614
2021	<u>102,613</u>	<u>696,317</u>	<u>798,930</u>
Total	<u><u>\$ 746,613</u></u>	<u><u>\$ 2,739,723</u></u>	<u><u>\$ 3,486,336</u></u>

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (level percent of payroll)

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement. Special mortality tables are used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an experience study that was completed June 30, 2015. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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

Discount Rate - The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
District's proportionate share of the net pension liability	\$ 5,729,359	\$ 4,327,514	\$ 3,154,112

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

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

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return *</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
 Total	 <u>100.00 %</u>	 <u>7.61 %</u>

* 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50% and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions 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, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the 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 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%)
District's proportionate share of the net pension liability	\$ 26,438,501	\$ 19,894,746	\$ 14,374,703

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

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - The 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.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 15 - POSTEMPLOYMENT BENEFITS (Continued)

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, 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 2017, none of the employer contribution 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 2017, this amount was \$23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the District's surcharge obligation was \$19,134.

The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$19,134, \$14,629, and \$30,598, respectively. The fiscal year 2017 amount has been reported as pension and postemployment benefits payable. The full amount has been contributed for fiscal years 2016 and 2015.

B. State Teachers Retirement System

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2017, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. The District's did not make any contributions for health care for the fiscal years ended June 30, 2017, 2016 and 2015.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING (Continued)

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 892,592
Net adjustment for revenue accruals	(255,334)
Net adjustment for expenditure accruals	10,665
Net adjustment for other sources/uses	(5,207)
Funds budgeted elsewhere	123,015
Adjustment for encumbrances	198,314
GAAP basis	\$ 964,045

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the special rotary fund, the public school support fund, the uniform school supplies fund and the special trust fund.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 17 - CONTINGENCIES

A. Grants

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

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2015-2016 school year, traditional 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 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, 2017 Foundation funding for the District; 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 District.

NOTE 18 - SET-ASIDES

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

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

	Capital Maintenance/ <u>Acquisition</u>
Set-aside balance June 30, 2016	\$ -
Current year set-aside requirement	145,997
Current year offsets	<u>(509,182)</u>
Total	<u>\$ (363,185)</u>
Balance carried forward to fiscal year 2018	<u>\$ -</u>
Set-aside balance June 30, 2017	<u>\$ -</u>

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 18 - SET-ASIDES (Continued)

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

NOTE 19 - COMMITMENTS

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

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 125,979
Building	855,483
Nonmajor governmental funds	<u>49,574</u>
 Total	 <u>\$ 1,031,036</u>

NOTE 20 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Holmes County entered into property tax abatement agreements with local businesses under Enterprise Zone tax abatement agreements. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. The agreements affect the property tax receipts collected and distributed to the District. Under the agreements, the District property taxes were reduced by \$9,920 during fiscal year 2017. Similarly, Tuscarawas County and Carroll County property tax abatement agreements affect the property tax receipts collected and distributed to the District. Under the agreements for Tuscarawas County, the District property taxes were reduced by \$15,185 during fiscal year 2017. Under the agreements for Carroll County, the District property taxes were reduced by \$2,930 during fiscal year 2017.

REQUIRED SUPPLEMENTARY INFORMATION

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FOUR FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.05912650%	0.06160920%	0.05601800%	0.05601800%
District's proportionate share of the net pension liability	\$ 4,327,514	\$ 3,515,481	\$ 2,835,039	\$ 3,331,211
District's covered-employee payroll	\$ 1,853,950	\$ 1,854,757	\$ 1,627,771	\$ 1,718,259
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	233.42%	189.54%	174.17%	193.87%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%	71.70%	65.52%

Note: Information prior to fiscal year 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FOUR FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.05943518%	0.05883182%	0.05817940%	0.05817940%
District's proportionate share of the net pension liability	\$ 19,894,746	\$ 16,259,394	\$ 14,151,244	\$ 16,856,869
District's covered-employee payroll	\$ 6,492,843	\$ 6,238,993	\$ 5,944,331	\$ 5,969,485
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	306.41%	260.61%	238.06%	282.38%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%	74.70%	69.30%

Note: Information prior to fiscal year 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 268,107	\$ 259,553	\$ 244,457	\$ 225,609
Contributions in relation to the contractually required contribution	<u>(268,107)</u>	<u>(259,553)</u>	<u>(244,457)</u>	<u>(225,609)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,915,050	\$ 1,853,950	\$ 1,854,757	\$ 1,627,771
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.18%	13.86%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 237,807	\$ 236,548	\$ 225,733	\$ 199,079	\$ 135,204	\$ 137,296
<u>(237,807)</u>	<u>(236,548)</u>	<u>(225,733)</u>	<u>(199,079)</u>	<u>(135,204)</u>	<u>(137,296)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,718,259	\$ 1,758,721	\$ 1,795,807	\$ 1,470,303	\$ 1,374,024	\$ 1,398,126
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 945,319	\$ 908,998	\$ 873,459	\$ 772,763
Contributions in relation to the contractually required contribution	<u>(945,319)</u>	<u>(908,998)</u>	<u>(873,459)</u>	<u>(772,763)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,752,279	\$ 6,492,843	\$ 6,238,993	\$ 5,944,331
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	13.00%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 776,033	\$ 830,414	\$ 780,359	\$ 760,841	\$ 790,476	\$ 783,702
<u>(776,033)</u>	<u>(830,414)</u>	<u>(780,359)</u>	<u>(760,841)</u>	<u>(790,476)</u>	<u>(783,702)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,969,485	\$ 6,387,800	\$ 6,002,762	\$ 5,852,623	\$ 6,080,585	\$ 6,028,477
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(SEE ACCOUNTANT'S COMPILATION REPORT)**

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017 the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR Pass-Through Grantor Program/Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
School Breakfast Program	10.553	2016/2017	\$4,157
National School Lunch Program	10.555	2016/2017	<u>22,526</u>
Non-Cash Assistance Subtotal			<u>26,683</u>
Cash Assistance:			
School Breakfast Program	10.553	2016/2017	46,152
National School Lunch Program	10.555	2016/2017	<u>165,187</u>
Cash Assistance Subtotal			<u>211,339</u>
Total Child Nutrition Cluster			<u>238,022</u>
Total U.S. Department of Agriculture			238,022
U.S. DEPARTMENT OF EDUCATION			
Direct Program			
Student Financial Assistance Cluster:			
Federal Pell Grant Program	84.063	2017	338,060
Passed Through Ohio Department of Education			
Adult Education - Basic Grants to States	84.002	2016 2017 V002A160036	7,329 141,192 <u>8,112</u>
Total Adult Education - Basic Grants to States			156,633
Career and Technical Education - Basic Grants to States	84.048	2016 VO48A160035	55,639 <u>340,506</u>
Total Career and Technical Education - Basic Grants to States			396,145
Supporting Effective Instruction State Grants	84.367	S367A160034	3,300
Passed Through Upper Valley Career Center			
Career and Technical Education - Basic Grants to States	84.048	2017	<u>79,257</u>
Total U.S. Department of Education			<u>973,395</u>
Total Expenditures of Federal Awards			<u><u>\$1,211,417</u></u>

The accompanying notes are an integral part of this Schedule.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR PART 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the 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 District 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 District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE D – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Buckeye Joint Vocational School District
Tuscarawas County
545 University Drive, NE
New Philadelphia, Ohio 44663

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Buckeye Joint Vocational School District, Tuscarawas County, Ohio (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 28, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a significant deficiency. We consider finding 2017-001 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts.

However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Corrective Action Plan. We did not audit the District's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

December 28, 2017



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Buckeye Joint Vocational School District
Tuscarawas County
545 University Drive, NE
New Philadelphia, Ohio 44663

To the Board of Education:

Report on Compliance for each Major Federal Program

We have audited the Buckeye Joint Vocational School District's, Tuscarawas County, Ohio (the District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the Buckeye Joint Vocational School District's major federal programs for the year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the District's major federal programs.

Management's Responsibility

The District's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Basis for Qualified Opinion on the Student Financial Assistance Cluster

As described in finding 2017-003 in the accompanying Schedule of Findings, the District did not comply with requirements regarding reporting applicable to its CFDA 84.063 Federal Pell Grant major federal program. Compliance with this requirement is necessary, in our opinion, for the District to comply with requirements applicable to this program.

Qualified Opinion on Student Financial Assistance Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Student Financial Assistance Cluster* paragraph, the District complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Student Financial Assistance Cluster* for the year ended June 30, 2017.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the District complied in all material respects with the requirements referred to above that could directly and materially affect its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which Uniform Guidance requires us to report, described in the accompanying Schedule of Findings as item 2017-002. Our opinion on *each* major federal program is not modified with respect to this matter.

The District's responses to our noncompliance findings are described in the accompanying Schedule of Findings and Corrective Action Plan. We did not audit the District's responses and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying Schedule of Findings as item 2017-003.

The District's response to our internal control over compliance finding is described in the accompanying Schedule of Findings and Corrective Action Plan. We did not audit the District's response and, accordingly, we express no opinion on it.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on the Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

December 28, 2017

This page intentionally left blank.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR Part 200.515
JUNE 30, 2017**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	
	<ul style="list-style-type: none"> • Career and Technical Education – Basic Grants to States – Unmodified • Student Financial Assistance Cluster – Qualified 	
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR §200.516(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	
	<ul style="list-style-type: none"> • Career and Technical Education – Basic Grants to States CFDA #84.048 • Student Financial Assistance Cluster CFDA #84.063 	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

FINDING NUMBER 2017-001

Significant Deficiency

The District should maintain an accounting system and accounting records sufficient to enable the District to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements in accordance with generally accepted accounting principles.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR Part 200.515
JUNE 30, 2017
(Continued)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2017-001 (Continued)

Significant Deficiency (Continued)

As a result of audit procedures performed, errors were noted in the District's financial statements that required audit adjustments and reclassifications as follows:

- Charges for Services in the Internal Service Fund was overstated by \$836,214. This should have been recorded as reductions of expenditures for items such as pool reimbursements and rebates.
- The prior year audit adjustment was reflected on the report both within the opening balances and as a transfer between the General Fund and Building Fund. This error resulted in an overstatement of General Fund Transfers-Out and Building Fund Transfers-In in the amount of \$98,942. This error also impacted the ending net position, with Restricted for Capital Projects being understated and Unrestricted Net Position being overstated at June 30, 2017.

In addition to the adjustments listed above, we also identified additional misstatements ranging from \$1,182 to \$61,998. These instances have been brought to the District's attention.

Sound financial reporting is the responsibility of the Treasurer and Board and is essential to ensure the information provided to the readers of the financial statements are complete and accurate. The financial statements and accounting system have been adjusted accordingly.

To help assure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures, including a final review of the statements and notes by the Treasurer and Board, to identify and correct errors and omissions.

Official's Response: See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2017-002		
CFDA Title and Number	Student Financial Assistance Cluster CFDA #84.063; Adult Education – Basic Grants to States CFDA #84.002; Career Technical Education – Basic Grants to States CFDA #84.048		
Federal Award Identification Number / Year	2016 2017 V002A160036 (2017)		
Federal Agency	U.S. Department of Education		
Pass-Through Entity	Ohio Department of Education (Adult Education – Basic Grants to States and Career and Technical Education – Basic Grants to States)		
Repeat Finding from Prior Audit?	Yes	Finding Number? (if repeat)	2016-004

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR Part 200.515
JUNE 30, 2017
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2017-002 (Continued)

Noncompliance

2 CFR Part 3474.1 gives regulatory effect to the Department of Education for 2 CFR Part 200.510(b) which requires the District to prepare the Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee’s financial statements which must include the total Federal awards expended as determined in accordance with Part 200.502. The SEFA is required to report the total Federal awards expended for each individual Federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available. For a cluster of programs, the SEFA should also provide the total for the cluster.

The SEFA prepared by the District originally overstated fiscal year 2016 expenditures by \$9,042 and understated fiscal year 2017 expenditures by \$12,845 in the Adult Education - Basic Grants to States (ABLE) (CFDA #84.002). Additionally, 2017 Federal Pell Grant Program (CFDA #84.063) expenditures were overstated by \$7,280, and the fiscal year 2016 Career and Technical Education - Basic Grants to States (CFDA #84.048) were overstated by \$78,538. Various other insignificant errors included a program name, pass through entity information and the reporting of program clusters.

Errors and omissions to the SEFA could have an adverse effect on future grant awards by the awarding agency or agencies in addition to an inaccurate assessment of major federal programs that would be subjected to audit. The District’s SEFA has been adjusted accordingly.

The District’s Treasurer should review all grant and loan awards and be familiar with federal reporting requirements. The District should implement a system to track all federal expenditures and related information separately from other expenditures and report federal expenditures with proper support including, but not limited to, grant agreements, calculation of the expenditures, and any federal reporting requirements. This will help ensure the Schedule of Expenditures of Federal Awards is complete and accurate and major federal programs are correctly identified for audit.

Official’s Response: See Corrective Action Plan.

Finding Number	2017-003		
CFDA Title and Number	Student Financial Assistance Cluster CFDA #84.063		
Federal Award Identification Number / Year	2017		
Federal Agency	U.S. Department of Education		
Pass-Through Entity	N/A		
Repeat Finding from Prior Audit?	No	Finding Number? (if repeat)	N/A

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR Part 200.515
JUNE 30, 2017
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2017-003 (Continued)

Noncompliance and Material Weakness

34 CFR Part 690.83(a) states that (1) an institution may receive either a payment from the Secretary for an award to a Federal Pell Grant recipient, or a corresponding reduction in the amount of Federal funds received in advance for which it is accountable, if - (i) The institution submits to the Secretary the student's Payment Data for that award year in the manner and form prescribed in paragraph (a)(2) of this section by September 30 following the end of the award year in which the grant is made, or, if September 30 falls on a weekend, on the first weekday following September 30; and (ii) The Secretary accepts the student's Payment Data. (2) The Secretary accepts a student's Payment Data that is submitted in accordance with procedures established through publication in the Federal Register, and that contains information the Secretary considers to be accurate in light of other available information including that previously provided by the student and the institution. (3) An institution that does not comply with the requirements of this paragraph may receive a payment or reduction in accountability only as provided in paragraph (d) of this section.

Additionally, OMB section 1845-0039 of the Federal Register requires Institutions to account for the funds disbursed and report student payment information to ED electronically. Electronic reporting is to be conducted through the Common Origination and Disbursement (COD) system. The COD system is used by institutions to request, report, and reconcile grant funds received from the Pell Grant program.

When reporting student information into the COD system for students eligible to receive Pell grant funding, the District incorrectly reported information related to Cost of Attendance and Enrollment Date for 22% of students tested.

Failure to properly report student data could result in the overpayment of Pell funds to a student and result in Federal questioned costs.

The Financial Aid Administrator should review all grant awards and be familiar with federal reporting requirements. The District should implement procedures to ensure that all elements of student data reported are submitted accurately. This will help ensure that Pell grants are awarded for the proper amounts and avoid future noncompliance related to federal reporting requirements.

Officials' Response: See Corrective Action Plan.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR PART 200.511(b)
JUNE 30, 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	ORC 5705.10(C) , revenue derived from a special levy not credited to special fund.	Corrective Action Taken and Finding is Fully Corrected	
2016-002	2 CFR Part 200.305, cash advance not timely expended within five business days.	Corrective Action Taken and Finding is Fully Corrected	
2016-003	2 CFR Part 200.320, small purchases made without obtaining price or rate quotations. Initially reported in 2015.	Corrective Action Taken and Finding is Fully Corrected	
2016-004	2 CFR Part 200.510(b) , Schedule of Expenditures of Federal Awards understated federal expenditures.	Partially Corrected.	Federal expenditures from Fiscal Year 2016 were erroneously reported in Fiscal Year 2017, due to adjustments made at end of grant. Refer to Corrective Action Plan.



CORRECTIVE ACTION PLAN
2 CFR PART 200.511(c)
JUNE 30, 2017

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	We will communicate and work more closely with the GAAP Compiler to ensure Charges for Services and Prior Year Audit Adjustments are reflected correctly on the financial statements in the future.	12/31/2017	Cheryl Pritts
2017-002	Some of these errors occurred due to the fact that the grant receipts are not broken out between state/federal funding sources when they are EFT'd to the District. We will contact ODE to see how to remedy this situation so that it does not occur in the future.	12/31/2017	Cheryl Pritts
2017-003	The Financial Aid Administrator will print off the Origination Detail and review all the data elements and will file these print-offs in the student's file.	12/31/2017	Cheryl Pritts



Dave Yost • Auditor of State

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT

TUSCARAWAS 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
JANUARY 9, 2018**