

Buckeye Local School District
Ashtabula County, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited*

The discussion and analysis of Buckeye Local School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2019 are as follows:

Overall:

- In total, net position increased \$3,756,713 from fiscal year 2018, due mostly to decreases in the net pension and OPEB liabilities.
- General revenues accounted for \$17,020,210 in revenue or 81 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,934,380 or 19 percent of total governmental revenues of \$20,954,590.
- The District had \$17,188,877 in expenses related to governmental activities; only \$3,934,380 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) coupled with the program revenues were adequate to provide for these programs this fiscal year.
- The general fund had \$19,128,634 in revenues and \$17,493,279 in expenditures on a modified accrual basis. The general fund's fund balance increased \$1,635,355 to \$11,744,232, from \$10,138,877 in fiscal year 2018, an increase of 33 percent.
- The District's total net pension liability decreased to \$18,450,662 from \$19,958,121 and the OPEB liability decreased to \$806,785 from \$4,448,327, a combined decrease of over \$5 million. For more information on this liability see Notes 12 and 13 to the basic financial statements.

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 Buckeye Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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 and what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Buckeye School District, the general fund by far is the most significant fund.

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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 fiscal year 2019?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the 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 District has only one kind of activity:

- Governmental Activities - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. Due to the continuing subsidies that go to the lunchroom fund from the general fund, the lunchroom operation is also being considered as governmental activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 11. 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 financial statements focus on the District's most significant funds. The District's major governmental fund is the general 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 balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual*, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) 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 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. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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The District as a Whole

Table 1 shows net position for fiscal year 2019 as compared to fiscal year 2018

Net Position (Table 1)
Governmental Activities

	2019	2018	Increase (Decrease)
Assets			
Current and Other Assets	\$21,218,772	\$19,085,014	\$2,133,758
Capital Assets, Net	2,323,505	2,750,350	(426,845)
<i>Total Assets</i>	<i>23,542,277</i>	<i>21,835,364</i>	<i>1,706,913</i>
Deferred Outflows of Resources			
Pension	4,620,591	5,835,884	(1,215,293)
OPEB	208,670	187,859	20,811
<i>Total Deferred Outflows of Resources</i>	<i>4,829,261</i>	<i>6,023,743</i>	<i>(1,194,482)</i>
Liabilities			
Current Liabilities	2,507,512	2,189,141	318,371
Long-Term Liabilities			
Due within One Year	81,606	65,489	16,117
Due in More than One Year:			
Net Pension Liability	18,450,662	19,958,121	(1,507,459)
Net OPEB Liability	806,785	4,448,327	(3,641,542)
Other Amounts	1,198,563	1,208,821	(10,258)
<i>Total Liabilities</i>	<i>23,045,128</i>	<i>27,869,899</i>	<i>(4,824,771)</i>
Deferred Inflows of Resources			
Property Taxes	5,919,915	5,792,626	127,289
Pension	2,023,160	1,907,977	115,183
OPEB	1,900,448	571,431	1,329,017
<i>Total Deferred Inflows of Resources</i>	<i>9,843,523</i>	<i>8,272,034</i>	<i>1,571,489</i>
Net Position			
Net Investment in Capital Assets	2,206,346	2,621,540	(415,194)
Restricted	729,572	650,743	78,829
Unrestricted (Deficit)	(7,453,031)	(11,555,109)	4,102,078
<i>Total Net Position</i>	<i>(\$4,517,113)</i>	<i>(\$8,282,826)</i>	<i>\$3,765,713</i>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2019 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. 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 Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan 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 retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

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By comparing assets, liabilities, deferred outflows and deferred inflows of resources, one can see the overall position of the District has increased as evidenced by the increase in net position of \$3,765,713.

Table 2
Change in Net Position

	2019	2018	Increase (Decrease)
Revenues			
Program Revenues			
Charges for Services and Sales	\$2,828,979	\$3,150,679	(\$321,700)
Operating Grants and Contributions	1,105,401	1,110,053	(4,652)
Capital Grants and Contributions	0	6,660	(6,660)
<i>Total Program Revenues</i>	<u>3,934,380</u>	<u>4,267,392</u>	<u>(333,012)</u>
General Revenues			
Property Taxes	6,570,389	6,359,310	211,079
Intergovernmental	10,168,893	10,199,229	(30,336)
Investment Earnings	247,925	118,749	129,176
Miscellaneous	33,003	98,622	(65,619)
<i>Total General Revenues</i>	<u>17,020,210</u>	<u>16,775,910</u>	<u>244,300</u>
<i>Total Revenues</i>	<u>20,954,590</u>	<u>21,043,302</u>	<u>(88,712)</u>
Program Expenses			
Instruction	9,419,363	3,623,802	5,795,561
Support Services	6,456,663	4,717,384	1,739,279
Operation of Non-Instructional/Food Services	689,604	660,108	29,496
Extracurricular Activities	617,314	485,519	131,795
Interest and Fiscal Charges	5,933	6,523	(590)
<i>Total Program Expenses</i>	<u>17,188,877</u>	<u>9,493,336</u>	<u>7,695,541</u>
<i>Change in Net Position</i>	<u>3,765,713</u>	<u>11,549,966</u>	<u>(7,784,253)</u>
<i>Net Position Beginning of Year - Restated</i>	<u>(8,282,826)</u>	<u>(19,832,792)</u>	<u>11,549,966</u>
<i>Net Position End of Year</i>	<u>(\$4,517,113)</u>	<u>(\$8,282,826)</u>	<u>\$3,765,713</u>

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to voters to maintain a constant level of service. Property taxes made up 31 percent of governmental activities revenue for Buckeye Local School District in fiscal year 2019, an increase of one percent from fiscal year 2018.

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Governmental Activities

Total net position of the School District increased \$3,765,713 during fiscal year 2019. The governmental expenses of \$17,188,877 were offset by program revenues of \$3,934,380 and general revenues of \$17,020,210. Program revenues supported 22 percent of the total governmental activities expenses. The effects of GASB 68 and 75 greatly distort this comparative analysis due to the significant impact changes made to cost of living adjustments enacted by the state pension board had on the District's share of the total pension/OPEB liability.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 80 percent of total governmental revenue.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services.

Table 3
Total and Net Cost of Program Services

	2019		2018	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction	\$9,419,363	\$6,513,730	\$3,623,802	\$388,833
Support Services	6,456,663	6,375,298	4,717,384	4,608,188
Operation of Non-Instructional/Food Services	689,604	(36,837)	660,108	(43,558)
Extracurricular Activities	617,314	396,373	485,519	265,958
Interest and Fiscal Charges	5,933	5,933	6,523	6,523
<i>Total Expenditures</i>	<u>\$17,188,877</u>	<u>\$13,254,497</u>	<u>\$9,493,336</u>	<u>\$5,225,944</u>

The table above reflects how the District funds its programs through program revenues. Instructional services, support services, co-curricular activities, and interest charges rely heavily on general revenues, while non-instructional and food services were completely funded by program revenues during the fiscal year. The large increase in instructional and support services is the byproduct of GASB 68 and 75 as previously discussed. To gain a better understanding of operations, please refer to the fund analysis on the next following pages.

The dependence upon general tax revenues for governmental activities is apparent. 70 percent of instruction activities are supported through property taxes alone this year. For all governmental activities, general revenue and prior year cash balances support all expenses as shown in the above table. The community, as a whole, is by far the primary support for Buckeye Local School District students.

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The District's Funds

The District's funds (as presented on the balance sheet) reported a combined fund balance of \$12,489,960, which is more than last year's total of \$10,773,277 by 16 percent. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2019 and 2018.

	Fund Balance June 30, 2019	Fund Balance June 30, 2018	Increase (Decrease)
General	\$11,774,232	\$10,138,877	\$1,635,355
Other Governmental	715,728	634,400	81,328
Total	\$12,489,960	\$10,773,277	\$1,716,683

As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, intergovernmental revenue and property taxes are the largest revenue sources, accounting for nearly 85 percent of total governmental revenue. Clearly, the community is the greatest source of financial support for the students of the Buckeye Local School District.

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 2019 the District amended its General Fund budget as needed. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, actual revenue, including other financing sources, was \$19,195,982, which was \$21,002 more than the final budgeted revenue of \$19,174,980 and \$825,975 more than the original budget estimate of \$18,370,007. The District continues to use a conservative approach of estimating revenue and these variances are well within reason for an entire year of budgeting.

Total actual expenditures, including other financing uses, were \$17,528,303 which was \$795,107 less than final budgeted expenditures of \$18,323,410, and \$634,074 less than original budgeted expenditures of \$18,162,377. The variance from the original and final estimate is the result of a conservative, worst case scenario approach used by the District when planning out the original budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2019, the School District had \$2,323,505 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles and textbooks. The District did a revaluation of capital assets during the fiscal year, resulting in a restatement of net position decrease of \$739,862.

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Table 4 shows fiscal year 2019 balances compared to fiscal year 2018:

Table 4
Capital Assets at June 30 (Net of Depreciation)

	(Restated)	
	2019	2018
Land	\$402,305	\$402,305
Land Improvements	277,048	302,212
Buildings and Improvements	259,776	244,380
Furniture, Fixtures and Equipment	949,353	1,196,159
Vehicles	266,212	368,958
Textbooks	168,811	236,336
<i>Total</i>	<i>\$2,323,505</i>	<i>\$2,750,350</i>

All capital assets, except land, are reported net of depreciation. As one can see, the School District had an overall decrease in capital assets of \$426,845. The decrease is due to current year additions of \$40,245 being less than depreciation of \$467,090. For more information about the School District's capital assets, see Note 9 to the basic financial statements.

Debt

The School District issued a capital lease at the end of the prior fiscal year at a rate of 4.95 percent, and the scheduled principal payment of \$11,651 was paid during fiscal year 2019. The remaining principal balance on the lease is \$117,159. For more information about the School District's lease, see Note 20 to the basic financial statements.

Current Financial Related Activities

The challenge for Buckeye Local Schools to educate children on a stringent budget is getting even more difficult for our School District. Of the operating funds the School District received in fiscal year 2019, approximately 32 percent were from local property and public utility taxes, 37 percent from the State Foundation funding system, 14 percent from the State through the Homestead/Rollback and tangible personal property reimbursements and 17 percent from other local funds. Of the other local funds category, open enrollment accounted for 59 percent of those funds. Declining enrollment of our own student population has allowed the District to accept students from other Districts and receive payment through the State for those students, which is identified as open enrollment.

Despite the funding structure of public education in Ohio, Buckeye Local School District has maintained financial stability through difficult times. As the preceding information shows, the District depends on its property taxpayers as well as state funding, including the tangible personal property tax reimbursements, for its revenue sources. With the passage of a 6.5 mill continuous operating levy in 2005, the District has been able to continue its education programs. However, financially the future is not without its challenges. Recently passed legislation reduced the tangible personal property tax reimbursements from the State. Fiscal year 2019 reimbursement was \$1,949,641 which will decline \$150,643 each year until the funds are depleted. The total tangible personal property tax reimbursement to the permanent improvement fund has been discontinued. This decline necessitates the use of general fund dollars to maintain buildings and/or purchase equipment. Buckeye will continue to keep a tight watch on funds and will do so with little revenue growth from year to year. Circumstances will necessitate continuing to manage our financial resources in a prudent and conservative manner.

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coupled with a combination of cost reductions and the possibility of additional levies to create revenue growth.

State law fixes the amount of tax revenue, forcing it to remain constant except for increases in valuation due to new construction in the District. Thus management must diligently plan expenses, staying carefully within the District's five-year forecast.

In fiscal year 2019, discussions with the Board of Education will be needed to determine how to address any projected shortfalls. The District will continue to call upon all of its financial abilities to meet the challenges the future will bring. It is imperative the District's Board and management team continue to carefully and prudently plan in order to provide the resources required to meet the student's needs over the next several years.

Contacting the District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jamie Davis, Treasurer, at Buckeye Local School District, 3436 Edgewood Drive, Ashtabula, Ohio 44004.

Buckeye Local School District

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Statement of Net Position

June 30, 2019

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$13,827,710
Accrued Interest Receivable	1,746
Accounts Receivable	8,030
Intergovernmental Receivable	20,997
Property Taxes Receivable	7,266,346
Inventory Held for Resale	24,545
Materials and Supplies Inventory	69,398
Nondepreciable Capital Assets	402,305
Depreciable Capital Assets, Net	1,921,200
<i>Total Assets</i>	<i><u>23,542,277</u></i>
Deferred Outflows of Resources	
Pension	4,620,591
Other Postemployment Benefits	208,670
<i>Total Deferred Outflows of Resources</i>	<i><u>4,829,261</u></i>
Liabilities	
Accounts Payable	123,727
Accrued Wages and Benefits Payable	1,459,962
Intergovernmental Payable	412,894
Matured Compensated Absences Payable	42,619
Accrued Interest Payable	5,933
Claims Payable	462,377
Long-Term Liabilities:	
Due Within One Year	81,606
Due In More Than One Year:	
Net Pension Liability	18,450,662
Other Postemployment Benefits Liability	806,785
Other Amounts Due in More than One Year	1,198,563
<i>Total Liabilities</i>	<i><u>23,045,128</u></i>
Deferred Inflows of Resources	
Property Taxes	5,919,915
Pension	2,023,160
Other Postemployment Benefits	1,900,448
<i>Total Deferred Inflows of Resources</i>	<i><u>9,843,523</u></i>
Net Position	
Net Investment in Capital Assets	2,206,346
Restricted for:	
Capital Projects	438,671
Other Purposes	290,901
Unrestricted (Deficit)	(7,453,031)
<i>Total Net Position</i>	<i><u>(\$4,517,113)</u></i>

See accountants' compilation report

See accompanying notes to the basic financial statements

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Statement of Activities
For the Fiscal Year Ended June 30, 2019

	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities						
Current:						
Instruction:						
Regular	\$7,350,223	\$1,944,926	\$99,872	\$0	(\$5,305,425)	
Special	1,982,993	427,982	375,020	0	(1,179,991)	
Vocational	83,347	53,333	4,500	0	(25,514)	
Adult/Continuing	2,800	0	0	0	(2,800)	
Support Services:						
Pupils	1,052,612	0	16,000	0	(1,036,612)	
Instructional Staff	373,107	0	39,600	0	(333,507)	
Board of Education	21,443	0	0	0	(21,443)	
Administration	1,304,474	0	0	0	(1,304,474)	
Fiscal	396,591	0	0	0	(396,591)	
Business	22,827	0	0	0	(22,827)	
Operation and Maintenance of Plant	1,922,443	0	13,250	0	(1,909,193)	
Pupil Transportation	1,168,081	8,567	1,548	0	(1,157,966)	
Central	195,085	0	2,400	0	(192,685)	
Operation of Non-Instructional Services	689,604	191,053	535,388	0	36,837	
Extracurricular Activities	617,314	203,118	17,823	0	(396,373)	
Interest and Fiscal Charges	5,933	0	0	0	(5,933)	
<i>Total Governmental Activities</i>	<u>\$17,188,877</u>	<u>\$2,828,979</u>	<u>\$1,105,401</u>	<u>\$0</u>	<u>(13,254,497)</u>	
 General Revenues						
Property Taxes Levied for:						
General Purposes					6,172,338	
Capital Outlay					398,051	
Grants and Entitlements not						
Restricted to Specific Programs					10,168,893	
Investment Earnings					247,925	
Miscellaneous					33,003	
<i>Total General Revenues</i>					<u>17,020,210</u>	
Change in Net Position					3,765,713	
<i>Net Position Beginning of Year - Restated (See Note 3)</i>					(8,282,826)	
<i>Net Position (Deficit) End of Year</i>					<u>(\$4,517,113)</u>	

See accountants' compilation report

See accompanying notes to the basic financial statements

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Balance Sheet
Governmental Funds
June 30, 2019

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$13,127,743	\$699,967	\$13,827,710
Accrued Interest Receivable	1,746	0	1,746
Accounts Receivable	8,030	0	8,030
Interfund Receivable	14,359	0	14,359
Intergovernmental Receivable	0	20,997	20,997
Property Taxes Receivable	6,816,279	450,067	7,266,346
Inventory Held for Resale	0	24,545	24,545
Materials and Supplies Inventory	68,563	835	69,398
<i>Total Assets</i>	<u>\$20,036,720</u>	<u>\$1,196,411</u>	<u>\$21,233,131</u>
Liabilities			
Accounts Payable	\$99,369	\$24,358	\$123,727
Accrued Wages and Benefits Payable	1,427,020	32,942	1,459,962
Intergovernmental Payable	403,246	9,648	412,894
Matured Compensated Absences Payable	42,619	0	42,619
Interfund Payable	0	14,359	14,359
Claims Payable	462,377	0	462,377
<i>Total Liabilities</i>	<u>2,434,631</u>	<u>81,307</u>	<u>2,515,938</u>
Deferred Inflows of Resources			
Property Taxes	5,561,304	358,611	5,919,915
Unavailable Revenue - Property Taxes	266,553	19,768	286,321
Unavailable Revenue - Grants	0	20,997	20,997
<i>Total Deferred Inflows of Resources</i>	<u>5,827,857</u>	<u>399,376</u>	<u>6,227,233</u>
Fund Balances			
Nonspendable	68,563	835	69,398
Restricted	0	718,556	718,556
Committed	462,377	26,547	488,924
Assigned	349,284	0	349,284
Unassigned	10,894,008	(30,210)	10,863,798
<i>Total Fund Balances</i>	<u>11,774,232</u>	<u>715,728</u>	<u>12,489,960</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u><u>\$20,036,720</u></u>	<u><u>\$1,196,411</u></u>	<u><u>\$21,233,131</u></u>

See accountants' compilation report

See accompanying notes to the basic financial statements

Buckeye Local School District
Ashtabula County, Ohio

*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2019*

Total Governmental Fund Balances	\$12,489,960
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Amounts reported for governmental activities in the statement of net position are different because

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,323,505
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Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:

Delinquent Property Taxes	286,321
Grants	<u>20,997</u>
 Total	307,318

The net pension and OPEB liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Deferred Outflows - Pension	4,620,591
Deferred Inflows - Pension	(2,023,160)
Net Pension Liability	(18,450,662)
Deferred Outflows - OPEB	208,670
Deferred Inflows - OPEB	(1,900,448)
OPEB Liability	<u>(806,785)</u>
 Total	(18,351,794)

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

(5,933)

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

Compensated Absences	(1,163,010)
Capital Leases	<u>(117,159)</u>
 Total	(1,280,169)

Net Position of Governmental Activities

(\$4,517,113)

See accountants' compilation report

See accompanying notes to the basic financial statements

Buckeye Local School District
Ashtabula County, Ohio

*Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019*

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$6,188,113	\$398,663	\$6,586,776
Tuition and Fees	2,434,763	0	2,434,763
Interest	247,586	339	247,925
Charges for Services	0	191,053	191,053
Extracurricular Activities	93,655	109,078	202,733
Rentals	430	0	430
Contributions and Donations	13,804	18,143	31,947
Intergovernmental	10,117,280	1,137,855	11,255,135
Miscellaneous	33,003	0	33,003
<i>Total Revenues</i>	<i>19,128,634</i>	<i>1,855,131</i>	<i>20,983,765</i>
Expenditures			
Current:			
Instruction:			
Regular	8,731,236	104,477	8,835,713
Special	1,863,182	374,594	2,237,776
Vocational	117,476	0	117,476
Adult/Continuing	0	2,800	2,800
Support Services:			
Pupils	1,143,426	16,775	1,160,201
Instructional Staff	342,038	39,600	381,638
Board of Education	22,077	0	22,077
Administration	1,510,124	0	1,510,124
Fiscal	405,753	8,084	413,837
Business	23,685	0	23,685
Operation and Maintenance of Plant	1,663,029	315,703	1,978,732
Pupil Transportation	1,035,966	32,047	1,068,013
Central	193,778	6,900	200,678
Operation of Food Services	0	679,963	679,963
Extracurricular Activities	432,422	143,528	575,950
Capital Outlay	0	40,245	40,245
Debt Service:			
Principal Retirement	5,826	5,825	11,651
Interest and Fiscal Charges	3,261	3,262	6,523
<i>Total Expenditures</i>	<i>17,493,279</i>	<i>1,773,803</i>	<i>19,267,082</i>
<i>Net Change in Fund Balances</i>	<i>1,635,355</i>	<i>81,328</i>	<i>1,716,683</i>
<i>Fund Balance Beginning of Year</i>	<i>10,138,877</i>	<i>634,400</i>	<i>10,773,277</i>
<i>Fund Balance End of Year</i>	<i>\$11,774,232</i>	<i>\$715,728</i>	<i>\$12,489,960</i>

See accountants' compilation report

See accompanying notes to the basic financial statements

Buckeye Local School District
Ashtabula 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, 2019*

Net Change in Fund Balances - Total Governmental Funds	\$1,716,683
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*Amounts reported for governmental activities in the
statement of activities are different because*

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

Capital Outlay	40,245
Current Year Depreciation	<u>(467,090)</u>
Total	(426,845)

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

Property Taxes	(16,387)
Intergovernmental Grants	<u>(12,848)</u>
Total	(29,235)

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

11,651

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	1,393,916
OPEB	<u>53,131</u>
Total	1,447,047

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

Pension	(1,216,937)
OPEB	<u>2,280,209</u>
Total	1,063,272

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued Interest on Capital Leases	590
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Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(17,450)

<i>Change in Net Position of Governmental Activities</i>	<u>\$3,765,713</u>
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See accountants' compilation report

See accompanying notes to the basic financial statements

Buckeye Local School District

Ashtabula County, Ohio

*Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2019*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property & Other Local Taxes	\$5,959,349	\$6,177,577	\$6,177,577	\$0
Tuition and Fees	2,316,309	2,401,131	2,401,131	0
Interest	238,680	247,420	247,420	0
Extracurricular Activities	90,303	93,610	93,610	0
Rentals	415	430	430	0
Contributions and Donations	4,240	4,395	4,395	0
Intergovernmental	9,759,878	10,117,280	10,117,280	0
Miscellaneous	833	864	864	0
<i>Total Revenues</i>	<u>18,370,007</u>	<u>19,042,707</u>	<u>19,042,707</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular	8,778,295	8,704,110	8,617,061	87,049
Special	1,891,334	1,958,308	1,853,049	105,259
Vocational	103,547	102,762	100,124	2,638
Support Services:				
Pupils	1,166,486	1,147,650	1,134,586	13,064
Instructional Staff	341,339	353,526	349,165	4,361
Board of Education	23,867	29,605	23,078	6,527
Administration	1,528,505	1,514,303	1,516,340	(2,037)
Fiscal	429,289	478,403	458,330	20,073
Business	23,164	25,850	22,402	3,448
Operation and Maintenance of Plant	1,713,320	1,817,340	1,771,544	45,796
Pupil Transportation	1,063,202	1,088,650	1,054,052	34,598
Central	190,958	194,126	190,780	3,346
Extracurricular Activities	436,499	436,500	427,934	8,566
Capital Outlay	10,195	9,900	9,858	42
<i>Total Expenditures</i>	<u>17,700,000</u>	<u>17,861,033</u>	<u>17,528,303</u>	<u>332,730</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>670,007</u>	<u>1,181,674</u>	<u>1,514,404</u>	<u>332,730</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditure	0	35,273	56,275	21,002
Advances In	0	97,000	97,000	0
Transfers Out	(462,377)	(462,377)	0	462,377
<i>Total Other Financing Sources (Uses)</i>	<u>(462,377)</u>	<u>(330,104)</u>	<u>153,275</u>	<u>483,379</u>
<i>Net Change in Fund Balance</i>	207,630	851,570	1,667,679	816,109
<i>Fund Balance Beginning of Year</i>	10,586,312	10,586,312	10,586,312	0
Prior Year Encumbrances Appropriated	382,090	382,090	382,090	0
<i>Fund Balance End of Year</i>	<u>\$11,176,032</u>	<u>\$11,819,972</u>	<u>\$12,636,081</u>	<u>\$816,109</u>

See accountants' compilation report

See accompanying notes to the basic financial statements

Buckeye Local School District

Ashtabula County, Ohio

Statement of Net Position

Fiduciary Funds

June 30, 2019

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$108,161	\$39,443
Liabilities		
Due to Students	0	\$39,443
Net Position		
Held in Trust for Scholarships	\$108,161	

See accountants' compilation report

See accompanying notes to the basic financial statements

Buckeye Local School District
Ashtabula County, Ohio

*Statement of Changes in Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2019*

	<u>Scholarship</u>
Additions	
Interest	\$2,550
Contributions and Donations	<u>1,000</u>
<i>Total Additions</i>	3,550
Deductions	
Scholarships Awarded	<u>2,250</u>
<i>Change in Net Position</i>	1,300
<i>Net Position Beginning of Year</i>	<u>106,861</u>
<i>Net Position End of Year</i>	<u><u>\$108,161</u></u>

See accountants' compilation report

See accompanying notes to the basic financial statements

Buckeye Local School District
Ashtabula County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019*

Note 1 – Description of the School District and Reporting Entity

The District 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 is a local district as defined by Section 3311 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of July 1, 2019 was 1,503. The District employed 132 certified employees and 63 non-certificated employees. The District is supervised by the Ashtabula County Educational Service Center, a separate entity.

The District provides regular, vocational and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisition and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (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 ad No. 34". The financial statements include all organizations, activities and functions for which the District is financially accountable. This report includes all activities considered by management to be part of the District by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the District over which the District is financially accountable.

Buckeye Local School District
Ashtabula County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019*

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net position and 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.

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

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

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The School District has no proprietary funds.

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

Buckeye Local School District
Ashtabula County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019*

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

The other governmental funds of the District account for grants and other resources, and capital projects of the District whose uses are restricted, committed or assigned to a particular purpose.

Fiduciary Fund Types Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust, investment trust, private-purpose trust 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 fund which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only agency fund is a student activities fund, which accounts for student activities for students.

C. Measurement Focus

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

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

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 and the statements for the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

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

Buckeye Local School District
Ashtabula County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019*

Non-exchange transactions, in which the School 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 year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statement of net position and balance sheets will sometimes 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, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 12 and 13.

In addition to liabilities, the statements of net position and balance sheets 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, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position (see Notes 12 and 13).

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. Budget and Budgetary Accounting

All governmental fund types are subject to annual expenditure budgets. The Board follows the procedures outlined below in establishing the expenditure budget data reported in the basic financial statements:

Buckeye Local School District
Ashtabula County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019*

Tax Budget A tax budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20th of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at its regular board meeting in January. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

Estimated Resources The County Budget Commission certifies its actions to the District by March 1st. As part of this certification, the District receives the Official Certificate of Estimated Resources, which states the projected receipts of each fund. During the month of July, this certificate is amended to include any unencumbered balances from the preceding fiscal year.

Appropriations An annual appropriation measure must be passed by the Board of Education by October 1st of each year for the period July 1st to June 30th. Unencumbered appropriations lapse at year-end and the encumbered balance is carried forward to the succeeding fiscal year and need not be re-appropriated. The Board of Education usually adopts temporary appropriations at its regular board meeting in June. The Annual Appropriation Resolution is usually adopted at the September regular board meeting. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the object level.

Encumbrances As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

Lapsing of Appropriations At the close of each 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.

F. Cash and Investments

Cash received by the District is pooled in a central bank account with individual fund balance integrity maintained throughout. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents." During the fiscal year, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio).

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

For fiscal year 2019, 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.

Buckeye Local School District
Ashtabula County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019*

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. For the District, all investment earnings accrue to the General Fund, the Special Trust special revenue fund and the Private-Purpose Trust Fund, as authorized by board resolution. Interest revenue credited to the general fund during fiscal year 2019 amounted to \$247,586, which includes \$4,606 assigned from other District funds.

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

G. Inventory

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets

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

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

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Description	Estimated Lives
Land Improvements	20 years
Buildings and Improvements	20 - 50 years
Furniture	20 years
Equipment	5 - 20 years
Fixtures	15 years
Vehicles	8 - 10 years
Textbooks	5 - 10 years

J. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental columns of the statement of net position.

K. Internal Activity

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

L. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified employees with five years of service and certified employees with ten years of service.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated

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Absences Payable" in the fund or funds from which the employees who have accumulated the leave are paid.

M. 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 fiscal year. Leases and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

N. 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 category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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. 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 or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the District Board of Education.

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

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

O. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include operation of instructional services, food service operations and extracurricular activities.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. The net position held in trust for scholarships signify the legal restrictions on the use of principal.

P. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB 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/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB 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/OPEB systems report investments at fair value.

Q. Estimates

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

Note 3 – Change in Accounting Principle & Restatement of Prior Year Net Position

A. Change in Accounting Principles

For fiscal year 2019, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 83, "Certain Asset Retirement Obligations", and GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This statement also requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to

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perform asset retirement activities. The implementation of GASB Statement 83 did not have an effect on beginning net position or fund balance as previously reported.

GASB Statement No. 88 aims to improve consistency in accounting and financial reporting by improving the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement also requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The implementation of GASB Statement 88 did not have an effect on beginning net position or fund balance as previously reported.

B. Restatement of Prior Year Net Position

	<u>Governmental Activities</u>
Net Position at June 30, 2018, as Previously Reported	<u>(\$7,542,964)</u>
<i>Adjustments:</i>	
Adjustments to Capital Asset Inventory Listing	<u>(739,862)</u>
Restated Net Position at June 30, 2018	<u><u>(\$8,282,826)</u></u>

The District switched vendors for maintaining capital asset records, who performed a reappraisal of its capital asset inventory, which resulted in the restated amount above.

Note 4 – Budgetary Basis of Accounting

While the School District is reporting its 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, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed or assigned fund balances (GAAP basis).

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4. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. *Certain funds have legally separate adopted budgets (budget basis) but are included in the General Fund (GAAP basis).

*As part of Governmental Accounting Standards Board No. 54 "Fund Balance Reporting", 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 uniform school supplies and public school support special revenue funds.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund:

Net Change in Fund Balance	
GAAP Basis	\$1,635,355
Net Adjustment for Revenue Accruals	(38,868)
Advances In	97,000
Net Adjustment for Expenditure Accruals	378,527
Net Adjustment for Funds Budgeted as Special Revenue	9,216
Adjustment for Encumbrances	<u>(413,551)</u>
 Budget Basis	 <u>\$1,667,679</u>

Note 5 – Deposits and Investments

Monies held by the School District are classified by State statute into three categories. Active deposits are public deposits determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawals on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

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

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At June 30th, the carrying amount of all School District deposits was \$7,857,826, while \$4,851,969 of the School District's bank balance of \$7,943,260 was insured and collateralized. The School District's financial institution participates in the Ohio Pooled Collateral System (OPCS).

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2019, the School District had STAR Ohio as the only investment with an amount of \$6,117,488 and an average maturity less than six months. STAR Ohio is measured at net asset value per share.

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Interest Rate Risk The School District has no investment policy that addresses the interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

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

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

Concentration of Credit Risk The School District places no limit on the account it may invest in any one issuer. At June 30, 2019, STAR Ohio represented 100 percent of all District investments.

Reconciliation of Cash and Cash Equivalents to the Statement of Net Position

The following is a reconciliation of cash and cash equivalents as reported in the footnote above to cash and cash equivalents as reported on the statement of net position as of June 30, 2019:

<u>Cash and Cash Equivalents per Note Disclosure:</u>	<u>Cash and Cash Equivalents per Statement of Net Position:</u>
Carrying amount of deposits	\$13,827,710
Investments	108,161
	39,443
Total	\$13,975,314
	Total
	\$13,975,314

Note 6 – Property Taxes

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

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenue received in calendar year 2019 represent collections of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed value listed as of January 1, 2018, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2019 represents collections of calendar year 2018 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien December 31, 2017, were levied after April 1, 2018 and are collected in 2019 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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The School District receives property taxes from Ashtabula County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2019, are available to finance fiscal year 2019 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2019 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2019 was \$988,422 in the general fund and \$71,688 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2018, was \$977,886 in the general fund and \$71,475 in the permanent improvement capital projects fund.

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

The assessed values upon which the fiscal year 2019 taxes were collected are:

	2018 Second Half Collections		2019 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$219,255,350	88.6%	\$218,241,940	87.6%
Public Utility Personal	28,271,810	11.4%	30,964,320	12.4%
	<u>\$247,527,160</u>	<u>100.0%</u>	<u>\$249,206,260</u>	<u>100.0%</u>
Tax Rate per \$1,000 of assessed valuation		\$ 45.31		\$ 45.31

Note 7 – Receivables

Receivables at June 30, 2019 consisted of accrued interest, accounts, taxes 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 guarantee of Federal funds.

Total intergovernmental receivables of \$20,997 included an IDEA Part B grant, Title I grant, and Improving Teacher Quality grant in the amounts of \$5,308, \$8,776 and \$6,913, respectively.

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Note 8 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Nonmajor Governmental	Total
<i>Nonspendable</i>			
Inventory	\$68,563	\$835	<u>\$69,398</u>
<i>Restricted for</i>			
Food Service Operations	0	229,430	229,430
College Scholarships	0	21,140	21,140
Extracurricular Activities	0	43,238	43,238
Capital Improvements	0	395,323	395,323
Other Purposes	0	29,425	<u>29,425</u>
<i>Total Restricted</i>	<u>0</u>	<u>718,556</u>	<u>718,556</u>
<i>Committed to</i>			
Capital Improvements	0	26,547	26,547
Tax Escrow Refunds	<u>462,377</u>	0	<u>462,377</u>
<i>Total Committed</i>	<u>462,377</u>	<u>26,547</u>	<u>488,924</u>
<i>Assigned to</i>			
Other Purposes	35,102	0	35,102
Encumbrances	<u>314,182</u>	0	<u>314,182</u>
<i>Total Assigned</i>	<u>349,284</u>	0	<u>349,284</u>
<i>Unassigned (Deficit)</i>	<i>10,894,008</i>	<i>(30,210)</i>	<i>10,863,798</i>
<i>Total Fund Balances</i>	<u>\$11,774,232</u>	<u>\$715,728</u>	<u>\$12,489,960</u>

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*Notes to the Basic Financial Statements
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Note 9 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	(Restated) Balance 6/30/2018	Additions	Deletions	Balance 6/30/2019
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$402,305	\$0	\$0	\$402,305
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,451,300	0	0	1,451,300
Buildings and Improvements	6,416,267	40,245	0	6,456,512
Furniture, Equipment and Fixtures	5,261,297	0	0	5,261,297
Vehicles	1,996,824	0	0	1,996,824
Textbooks	921,917	0	0	921,917
Total Capital Assets, being depreciated	16,047,605	40,245	0	16,087,850
Less Accumulated Depreciation:				
Land Improvements	(1,149,088)	(25,164)	0	(1,174,252)
Building and Improvements	(6,171,887)	(24,849)	0	(6,196,736)
Furniture, Equipment and Fixtures	(4,065,138)	(246,806)	0	(4,311,944)
Vehicles	(1,627,866)	(102,746)	0	(1,730,612)
Textbooks	(685,581)	(67,525)	0	(753,106)
Total Accumulated Depreciation	(13,699,560)	(467,090)	0	(14,166,650)
Total Capital Assets being depreciated, net	2,348,045	(426,845)	0	1,921,200
Governmental Activities Capital Assets, Net	\$2,750,350	(\$426,845)	\$0	\$2,323,505

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$220,723
Vocational	4,825
Support Services:	
Instructional Staff	43,827
Administration	4,181
Operation and Maintenance of Plant	18,485
Pupil Transportation	109,713
Operation of Food Services	9,569
Extracurricular Activities	55,767
Total Depreciation Expense	\$467,090

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*Notes to the Basic Financial Statements
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Note 10 – Interfund Receivable/Payable

The interfund receivable/payable consisted of the following at June 30, 2019, as reported on the fund financial statements:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Governmental Fund:		
General	\$14,359	\$0
Non-major Governmental Funds:		
IDEA Part B	0	4,939
Title I	0	7,116
Improving Teacher Quality	0	2,304
Total	<u><u>\$14,359</u></u>	<u><u>\$14,359</u></u>

The primary purpose of the interfund balances 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, which is expected to be within one year.

Note 11 – Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (11 and 12 month) are eligible for vacation time. The number of days granted are determined by an employees' length of service with the District.

Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Any vacation time which is unused as of the employee's anniversary date is expired and not available for use in a subsequent year unless approved by the superintendent. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. The classified personnel accumulate vacation based on the following schedule:

Years of Service	Vacation Weeks
1-8	2
9-13	3
14-beyond	4

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis; certified employees, 295 days and classified employees, 285 days.

For all employees, retirement severance is paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement if the employee has been employed by the District for a minimum of ten consecutive years at the time of retirement for certified personnel and a minimum of five consecutive years for classified personnel. Any employee receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-fourth of all accumulated sick leave credited to that employee up to 75 days for classified employees and for certified employees there is no max.

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Note 12 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

A. Net Pension Liability/Net OPEB Liability

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions-between an employer and its employees-of salaries and benefits for employee services. Pensions/OPEB 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/OPEB liability (asset) represent the District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) 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 these estimates annually.

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/OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

B. School Employees Retirement System

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

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a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

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, 2019, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$305,533 for fiscal year 2019. Of this amount \$149,448 is reported as an intergovernmental payable.

C. State Teachers Retirement System

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

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New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 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 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2019, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. For fiscal year 2019, the contributions rates were equal to the statutory maximum rates and the full employer contribution was allocated to pension.

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The District's contractually required contribution to STRS was \$1,088,383 for fiscal year 2019. Of this amount \$181,572 is reported as an intergovernmental payable.

D. 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, 2018, 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 projected 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	0.06702170%	0.06715882%	
Proportion of the Net Pension Liability			
Current Measurement Date	0.06664880%	0.06655323%	
Change in Proportionate Share	<u>-0.00037290%</u>	<u>-0.00060559%</u>	
Proportionate Share of the Net			
Pension Liability	\$3,817,101	\$14,633,561	\$18,450,662
Pension Expense	\$175,828	\$1,041,109	\$1,216,937

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$209,347	\$337,787	\$547,134
Change of Assumptions	86,198	2,593,343	2,679,541
District contributions subsequent to the measurement date	<u>305,533</u>	<u>1,088,383</u>	<u>1,393,916</u>
Total Deferred Outflows of Resources	<u>\$601,078</u>	<u>\$4,019,513</u>	<u>\$4,620,591</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$95,567	\$95,567
Net difference between projected and actual earnings on pension plan investments	105,759	887,363	993,122
Change in Proportionate Share	<u>151,642</u>	<u>782,829</u>	<u>934,471</u>
Total Deferred Inflows of Resources	<u>\$257,401</u>	<u>\$1,765,759</u>	<u>\$2,023,160</u>

\$1,393,916 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	\$187,938	\$918,711	\$1,106,649
2021	2,136	543,436	545,572
2022	(137,555)	(84,873)	(222,428)
2023	(14,375)	(211,903)	(226,278)
Total	<hr/> <hr/> \$38,144	<hr/> <hr/> \$1,165,371	<hr/> <hr/> \$1,203,515

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, 2018, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	7.50 Percent Net of Investment Expense, Including Inflation
COLA or Ad hoc COLA	2.50 Percent
Future Salary Increases, Including Inflation	3.50 Percent to 18.20 Percent
Wage Inflation	3.00 Percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*.

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A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

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

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. 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.

	Current	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's Proportionate Share of the Net Pension Liability		\$5,376,673	\$3,817,101	\$2,509,502

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Actuarial Assumptions - STRS

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Projected Salary Increases	12.50 Percent at Age 20 to 2.50 Percent at Age 65
Investment Rate of Return	7.45 Percent, Net of Investment Expenses, Including Inflation
Discount Rate of Return	7.45 Percent
Payroll Increases	3.00 Percent
Cost of Living Adjustments (COLA)	0 Percent, Effective July 1, 2017

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Fixed Income	21.00	3.00
Alternatives	17.00	7.09
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	<u>7.45 %</u>

*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes that 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. 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, 2018. Therefore, the long-term expected rate of return on pension plan

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investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

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 7.45 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 (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	Current	1% Decrease (6.45%)	Discount Rate (7.45%)	1% Increase (8.45%)
District's Proportionate Share of the Net Pension Liability		\$21,370,389	\$14,633,561	\$8,931,750

E. Social Security System

Effective, July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System of Ohio. As of June 30, 2019, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

Note 13 – Defined Benefit Other Postemployment Benefit (OPEB) Plans

See note 12 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. 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.

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Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was \$21,600. 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 2019, the District's surcharge obligation was \$42,015.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$53,131 for fiscal year 2019. Of this amount \$42,015 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered 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 partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. 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 Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

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	SERS	STRS	Total
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.06811540%	0.06715882%	
Proportion of the Net OPEB Liability			
Current Measurement Date	0.06762960%	0.06655323%	
Change in Proportionate Share	<u>-0.00048580%</u>	<u>-0.00060559%</u>	
Proportionate Share of the Net OPEB Liability (Asset)	\$1,876,228	(\$1,069,443)	\$806,785
OPEB Expense	\$42,988	(\$2,323,197)	(\$2,280,209)

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$30,627	\$124,912	\$155,539
District contributions subsequent to the measurement date	53,131	0	53,131
Total Deferred Outflows of Resources	<u>\$83,758</u>	<u>\$124,912</u>	<u>\$208,670</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$62,309	\$62,309
Net difference between projected and actual earnings on pension plan investments	2,815	122,174	124,989
Change of Assumptions	168,564	1,457,200	1,625,764
Change in Proportionate Share	65,806	21,580	87,386
Total Deferred Inflows of Resources	<u>\$237,185</u>	<u>\$1,663,263</u>	<u>\$1,900,448</u>

\$53,131 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	(\$97,892)	(\$275,157)	(\$373,049)
2021	(76,823)	(275,157)	(351,980)
2022	(10,105)	(275,157)	(285,262)
2023	(8,906)	(254,600)	(263,506)
2024	(9,101)	(234,080)	(243,181)
Thereafter	<u>(3,731)</u>	<u>(224,200)</u>	<u>(227,931)</u>
Total	<u>(\$206,558)</u>	<u>(\$1,538,351)</u>	<u>(\$1,744,909)</u>

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Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each 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 terminations). 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 OPEB liability in the latest actuarial valuation date of June 30, 2018, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.62 percent
Prior Measurement Date	3.56 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.70 percent
Prior Measurement Date	3.63 percent
Medical Trend Assumption	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to

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produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12 for details.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62 percent, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25% decreasing to 3.75%) and higher (8.25% decreasing to 5.75%) than the current rate.

	Current	1% Decrease	1% Increase
	Discount Rate	(2.70%)	(4.70%)
District's proportionate share of the net OPEB liability (asset)	\$2,276,655	\$1,876,228	\$1,559,165
1% Decrease (6.25 % decreasing to 3.75 %)	Current Trend Rate (7.25% decreasing to 4.75 %)	1% Increase (8.25 % decreasing to 5.75 %)	
District's proportionate share of the net OPEB liability (asset)	\$1,513,772	\$1,876,228	\$2,356,185

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Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2018, actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return - Current Year	7.45 percent
Blended Discount Rate of Return - Prior Year	4.13 percent
Health Care Cost Trends:	
<i>Medical</i>	
Pre-Medicare	6 percent initial, 4 percent ultimate
Medicare	5 percent initial, 4 percent ultimate
<i>Prescription Drug</i>	
Pre-Medicare	8 percent initial, 4 percent ultimate
Medicare	-5.23 percent initial, 4 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the Prior Measurement Date, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*. Valuation year per capita health care costs were updated.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020. However, in June of 2019, the STRS Board voted to extend the current Medicare Part B partial reimbursement for one year.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

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Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2018. The blended discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2018. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net OPEB asset	\$916,612	\$1,069,443	\$1,197,889
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$1,190,638	\$1,069,443	\$946,359

Note 14 – Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The School District has addressed these various types of risk by purchasing a comprehensive insurance policy through various commercial carriers.

Professional liability insurance is maintained in the amount of \$1,000,000 for single occurrence and \$3,000,000 in the aggregate.

The School District maintains fleet insurance in the amount of \$1,000,000 for bodily injury and/or property damage liability for any one accident or loss with no aggregate limit plus an additional \$10,000,000 excess liability per occurrence and aggregate limit. In addition, the fleet policy includes \$1,000,000 in uninsured and underinsured motorists' coverage per occurrence. The School District maintains replacement cost insurance on buildings and contents in the amount of \$61,896,686.

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

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B. Employee Medical Benefits

The School District has contracted with the Ashtabula County Schools Council of Governments to provide employee medical/surgical, prescription drug, dental and vision benefits. The Ashtabula County Schools Council of Governments is organized under Chapter 167 of the Ohio Revised Code and is comprised of seven Ashtabula County school districts. Rates are set by the Ashtabula County Schools Council of Governments board of directors. The School District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. Ashtabula County Schools Council of Governments is a separate and independent entity governed by its own set of by-laws and constitution. All assets and liabilities are the responsibility of the Council of Governments. The program is operated as a full indemnity program with no financial liability (other than monthly premiums) or risk to the School District. The School District is not liable nor receives a cash balance of past claims upon departure from the pool.

C. Workers' Compensation

The District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), and insurance purchasing pool, which was established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School business Officials Workers' Compensation Group Rating Program (the Program) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool. The Executive Director of the OASBO, or his designee, serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the Program.

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 school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management Inc., provides administrative, cost control and actuarial services to the GRP.

Note 15 – Millennium Inorganic Corporation Tax Refund Escrow Fund

In anticipation of a pollution control equipment tax refund to the Millennium Inorganic Corporation, the District has set aside, within the general fund, the estimated tax refund of \$462,377. The Corporation has paid these taxes since 1993; figures used in the calculation of the refund were provided by Millennium Inorganic Corporation. The District has refunded \$688,508 in previous fiscal years.

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Note 16 – Long-Term Obligations

A summary of changes in long-term obligations for the year ended June 30, 2019, are as follows:

	Outstanding 6/30/2018	Additions	Reductions	Outstanding 6/30/2019	Amounts Due in One Year
Governmental Activities					
Capital Lease	\$128,810	\$0	(\$11,651)	\$117,159	\$12,241
Compensated Absences	1,145,500	71,348	(53,838)	1,163,010	69,365
<i>Total Before Net Pension & OPEB Liability</i>	<i>1,274,310</i>	<i>71,348</i>	<i>(65,489)</i>	<i>1,280,169</i>	<i>81,606</i>
Net Pension Liability:					
STRS	15,953,722	0	(1,320,161)	14,633,561	0
SERS	4,004,399	0	(187,298)	3,817,101	0
<i>Total Net Pension Liability</i>	<i>19,958,121</i>	<i>0</i>	<i>(1,507,459)</i>	<i>18,450,662</i>	<i>0</i>
Net OPEB Liability (Asset):					
STRS	2,620,289	0	(3,689,732)	(1,069,443)	0
SERS	1,828,038	48,190	0	1,876,228	0
<i>Total Net OPEB Liability</i>	<i>4,448,327</i>	<i>48,190</i>	<i>(3,689,732)</i>	<i>806,785</i>	<i>0</i>
Total Long-Term Liabilities	\$25,680,758	\$119,538	(\$5,262,680)	\$20,537,616	\$81,606

See Note 20 for information related to the capital lease obligation.

Compensated absences will be paid from the general fund and the food service and Title I special revenue funds.

There is no repayment schedule for the net pension liability or the net OPEB liability; however, employer pension and OPEB contributions are made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Note 12 and 13.

The School District's overall legal debt margin was \$22,428,563 with an unvoted debt margin of \$249,206 at June 30, 2019.

Note 17 – Jointly Governed Organizations and Related Organizations

Northeast Ohio Management Information Network (NEOMIN) NEOMIN is a jointly governed organization among various school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts support NEOMIN based upon a per pupil charge.

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Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten voting members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County school districts, and one treasurer from each of the aforementioned counties (non-voting members who must be employed by a participating school district, the fiscal agent, or NEOMIN). The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A copy of NEOMIN's financial statements may be obtained from the Trumbull County Education Service Center, 6000 Youngstown-Warren Road, Niles, Ohio 44446.

Kingsville Public Library The Kingsville Public Library (the Library) is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on the behalf of the Library, its role is limited to a ministerial function. The determination to request approval of tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Kingsville Public Library, Christine Stevens, Fiscal Officer, at 6006 Academy Street, Kingsville, Ohio 44048.

State Support Team (SST) – Region 5 The District participates in the State Support Team (SST), an Educational Regional Service System (ERSS). The mission of the SST is to provide regional districts with leadership, technical assistance and high quality professional development in the service areas of school improvement, literacy, early learning and school readiness and special education compliance. The 16 State Support Teams are responsible for the regional delivery of school improvement, literacy, special education compliance, and early learning and school readiness services to districts using a differentiated technical assistance structure of support based upon need. The teams work through the Office of Exceptional Children, Office of Literacy, Office of Early Learning and School Readiness and the Office of Field Relations by providing technical assistance and professional development. The SSTs include staff and services formerly provided by the Special Education Regional Resource Centers (SERRCs) and the Regional School Improvement Teams (RSITs).

House Bill 115 (HB 115) establishes the Educational Regional Service System (ERSS) and requires the creation of a coordinated, integrated and aligned system to support state and school districts efforts to improve school effectiveness and student achievement. It is the intent of the general assembly that the educational regional service system would reduce the unnecessary duplication of programs and services and provide for a more streamlined and efficient delivery of education services without reducing the availability of the services needed by school districts and schools. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, 100 DeBartolo Place, Suite 220, Youngstown, Ohio 44512.

Ashtabula County Technical & Career Center The Ashtabula County Career & Technical Center (A-Tech) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The A-Tech is operated under the direction of a Board consisting of one representative from each of the participating School Districts' elected boards. The degree of control exercised by the School District is limited to its representation on the Board. The Board is its own budgeting and taxing authority. The School District did not make any contributions in fiscal year 2019. Financial information can be obtained from Lindsey Elly, Treasurer at Ashtabula County Technical & Career Center, 1565 State Route 167, Jefferson, Ohio 44047.

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Note 18 – 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 not party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2019.

C. School District Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by Schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments to fiscal year 2019 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2019 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

Note 19 – 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 year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

	<u>Capital</u> <u>Improvements</u>
Set-Aside Restricted Balance as of June 30, 2018	\$0
Current Year Set-Aside Requirement	325,310
Qualifying Disbursements	(401,636)
Current Year Offsets	0
Total	<u><u>(\$76,326)</u></u>
Set-Aside Balance Carried Forward to	
Future Fiscal Years	<u><u>\$0</u></u>
Cash balance as of June 30, 2019	<u><u>\$0</u></u>

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

Note 20 – Capital Leases

In a prior fiscal year, the School District entered into a lease agreement for the purchase of school busses. During the current fiscal year, the District entered into a lease agreement for a lighting system. These lease obligations meet the criteria of a capital lease as defined by Financial Accounting Standards Board Statement Number 13, "Accounting for Leases," and amended by Governmental Accounting Standards Board Statement Number 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA announcements," and has been recorded on the government-wide statements. The vehicles and lighting system have been capitalized in the amounts of \$284,372 and \$139,900, respectively, the present value of the minimum lease payments at the inception of the leases.

The assets acquired through capital leases are as follows:

Asset:	Governmental Activities
Vehicles	\$284,372
Building Improvements	139,900
Historical Cost	424,272
Less: Accumulated Depreciation	(283,054)
Total Book Value as of June 30, 2019	<u><u>\$141,218</u></u>

The following is a schedule of the future minimum lease payments required under the capital lease obligations and the present value of the future minimum lease payments as of June 30, 2019:

Fiscal Year Ending June 30,	
2020	\$18,173
2021	18,174
2022	18,174
2023	18,174
2024	18,174
2025 - 2028	<u>54,522</u>
Total Minimum Lease Payments	145,391
Less: Amount Representing Interest	(28,232)
Present Value of Minimum Lease	<u><u>\$117,159</u></u>

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Note 21 – Public Entity Risk Pools

A. Ohio Association of School Business Officials Workers' Compensation Group Rating Program

The District participates in a group-rating program for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Program (the Program) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool. The Executive Director of the OASBO, or his designee, serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the Program.

B. Ashtabula County Schools Council of Governments

The District has contracted with the Ashtabula County Schools Council of Governments ("the Council") to provide employee medical/surgical, prescription drug, dental and vision benefits. The Council is organized under Chapter 167 of the Ohio Revised Code and is comprised of seven Ashtabula County School districts. Rates are set by the Council's board of directors. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Council is a separate and independent entity governed by its own set of by-laws and constitution. All assets and liabilities are the responsibility of the Council. The program is operated as a full indemnity program with no financial liability (other than monthly premiums) or risk to the District. The Council shall pay the run out claims for a withdrawing member. Any member which withdraws from the Council pursuant to the Council Agreement shall have no claim to the Council's assets.

Note 22 – Accountability

Fund balances at June 30, 2019 included the following individual fund deficits:

Nonmajor Governmental Funds:	Deficit
IDEA Part B Fund	\$4,939
Title I Fund	13,455
Improving Teacher Quality	11,816

The deficit fund balances in these funds are the result of adjustments for accrued liabilities. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur.

Note 23 – Tax Abatements

As of June 30, 2019, the District provides tax abatements through an Enterprise Zone (Ezone). This program relates to the abatement of property taxes.

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Ezone - Under the authority of ORC Sections 5709.62 and 5709.63, the Ezone program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An Ezone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An Ezone's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the "Agreement") with the business, which may include tax sharing with the City. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The amount of the abatement is deducted from the business's property tax bill.

<u>Tax Abatement Program</u>	<u>Taxes Abated</u>
Enterprise Zone	\$879

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

	2019	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.06664880%	0.06702170%	0.07083730%	0.07074520%	0.07395900%	0.07395900%
School District's Proportionate Share of the Net Pension Liability	\$3,817,100	\$4,004,399	\$5,184,637	\$4,036,790	\$3,743,022	\$4,398,104
School District's Employee Payroll	\$2,067,714	\$2,044,172	\$1,977,000	\$3,254,484	\$2,161,299	\$2,035,686
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Employee Payroll	184.60%	195.89%	262.25%	124.04%	173.18%	216.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

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

	2019	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.066553230%	0.067158820%	0.069737460%	0.071698190%	0.072461550%	0.072461550%
School District's Proportionate Share of the Net Pension Liability	\$14,633,561	\$15,953,722	\$23,343,230	\$19,815,283	\$17,625,157	\$20,994,971
School District's Employee Payroll	\$7,583,479	\$7,460,535	\$7,539,600	\$7,860,079	\$8,408,000	\$7,170,131
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Employee Payroll	192.97%	213.84%	309.61%	252.10%	209.62%	292.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

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*Required Supplementary Information
Schedule of School District Pension Contributions
School Employees Retirement System of Ohio (SERS)
Last Seven Fiscal Years (1)*

	2019	2018	2017	2016	2015	2014	2013
Contractually Required Pension Contribution	\$305,533	\$289,480	\$286,184	\$276,780	\$428,941	\$299,556	\$281,739
Pension Contributions in Relation to the Contractually Required Contribution	(\$305,533)	(\$289,480)	(\$286,184)	(\$276,780)	(\$428,941)	(\$299,556)	(\$281,739)
Contribution Deficiency (Excess)	\$0						
School District Employee Payroll	\$2,263,207	\$2,067,714	\$2,044,172	\$1,977,000	\$3,254,484	\$2,161,299	\$2,035,686
Contributions as a Percentage of Employee Payroll	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%

(1) Information prior to 2013 available upon request.

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*Required Supplementary Information
Schedule of School District Pension Contributions
State Teachers Retirement System of Ohio (STRS)
Last Seven Fiscal Years (1)*

	2019	2018	2017	2016	2015	2014	2013
Contractually Required Pension Contribution	\$1,088,383	\$1,061,687	\$1,044,475	\$1,055,544	\$1,100,411	\$1,093,040	\$932,117
Pension Contributions in Relation to the Contractually Required Contribution	(\$1,088,383)	(\$1,061,687)	(\$1,044,475)	(\$1,055,544)	(\$1,100,411)	(\$1,093,040)	(\$932,117)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District Employee Payroll	\$7,774,164	\$7,583,479	\$7,460,535	\$7,539,600	\$7,860,079	\$8,408,000	\$7,170,131
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

(1) Information prior to 2013 available upon request.

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Required Supplementary Information

*Schedule of the School District's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio (SERS)
 Last Three Fiscal Years (1)*

	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.06762960%	0.06811540%	0.06811540%
School District's Proportionate Share of the Net OPEB Liability	\$1,876,228	\$1,828,038	\$1,941,541
School District's Employee Payroll	\$2,067,714	\$2,044,172	\$1,977,000
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Employee Payroll	90.74%	89.43%	98.21%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.57%	12.46%	11.49%

(1) Information prior to 2016 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

Buckeye Local School District

Ashtabula County, Ohio

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio (STRS)
Last Three Fiscal Years (1)

	2019	2018	2017
School District's Proportion of the Net OPEB Liability (Asset)	0.066553230%	0.067158820%	0.069737460%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$1,069,443)	\$2,620,289	\$3,591,671
School District's Employee Payroll	\$7,583,479	\$7,460,535	\$7,539,600
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Employee Payroll	-14.10%	35.12%	47.64%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	176.00%	47.10%	37.30%

(1) Information prior to 2016 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

Buckeye Local School District
Ashtabula County, Ohio

*Required Supplementary Information
Schedule of School District OPEB Contributions
School Employees Retirement System of Ohio (SERS)
Last Seven Fiscal Years (1)*

	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$53,131	\$36,600	\$37,605	\$34,779	\$36,399	\$47,951	\$56,983
Contributions in Relation to the Contractually Required Contribution	(\$53,131)	(\$36,600)	(\$37,605)	(\$34,779)	(\$36,399)	(\$47,951)	(\$56,983)
Contribution Deficiency (Excess)	\$0						
School District Employee Payroll	\$2,263,207	\$2,067,714	\$2,044,172	\$1,977,000	\$3,254,484	\$2,161,299	\$2,035,686
Contributions as a Percentage of Employee Payroll	2.35%	1.77%	1.84%	1.76%	1.12%	2.22%	2.80%

(1) Information prior to 2013 available upon request.

Buckeye Local School District
Ashtabula County, Ohio

*Required Supplementary Information
Schedule of School District OPEB Contributions
State Teachers Retirement System of Ohio (STRS)
Last Seven Fiscal Years (1)*

	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$0	\$0	\$0	\$0	\$0	\$84,080	\$71,701
Contributions in Relation to the Contractually Required Contribution	\$0	\$0	\$0	\$0	\$0	(\$84,080)	(\$71,701)
Contribution Deficiency (Excess)	\$0						
School District Covered-Employee Payroll	\$7,774,164	\$7,583,479	\$7,460,535	\$7,539,600	\$7,860,079	\$8,408,000	\$7,170,131
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

(1) Information prior to 2013 available upon request.

Buckeye Local School District
Ashtabula County, Ohio

*Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2019*

Net Pension Liability

Changes in Assumptions - SERS

Starting in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

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

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

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

Changes in Assumptions - STRS

Starting in fiscal year 2018, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Starting in fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-

Buckeye Local School District
Ashtabula County, Ohio

*Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2019*

2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Net OPEB Liability

Changes in Assumptions – SERS

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:

Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense,
including price inflation

Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under *GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent.

Changes in Benefit Terms – STRS OPEB

Starting in fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.