



Dave Yost • Auditor of State



**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Bluffton Exempted Village School District  
Allen County  
102 South Jackson Street  
Bluffton, Ohio 45817

To the Board of Education:

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

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

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bluffton Exempted Village School District, Allen County, Ohio, as of June 30, 2015, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the fiscal year then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

Ohio Administrative Code § 117-2-03(B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Other Matters**

*Other Information*

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2016, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 10, 2016

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

This discussion and analysis of Bluffton Exempted Village School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015, within the limitations of cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**HIGHLIGHTS**

Key highlights for 2015 are as follows:

- In total, net position increased \$62,682, or a 2 percent change from the prior fiscal year. The School District's general receipts are primarily property taxes and unrestricted state entitlements, which make up 69 percent of the total cash received. Dependence on these two revenue sources is significant.

**USING THE BASIC FINANCIAL STATEMENTS**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's cash basis of accounting.

**Report Components**

The statement of net position and the statement of activities provide information about the cash activities of the School District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the School District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The School District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the School District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(Continued)**

**REPORTING THE SCHOOL DISTRICT AS A WHOLE**

The statement of net position and the statement of activities reflect how the School District did financially during fiscal year 2015, within the limitations of cash basis accounting. The statement of net position presents the cash balances of the governmental activities of the School District at fiscal year-end. The statement of activities compares cash disbursements with program receipts for each function or program of the School District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

These statements report the School District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the School District's financial health. Over time, increases or decreases in the School District's cash position is one indicator of whether the School District's financial health is improving or deteriorating. When evaluating the School District's financial condition, you should also consider other nonfinancial factors such as the School District's property tax base, the condition of the School District's capital assets and infrastructure, the extent of the School District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net position and the statement of activities, all of the School District activities are presented as governmental activities. All of the School District's programs and services are reported here including instruction, support services, non-instructional services, food services, extracurricular activities, and capital outlay disbursements.

**REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS**

Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. The School District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the School District are split into two categories: governmental and fiduciary.

**Governmental Funds** – All of the School District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the School District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the School District's programs.

The School District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The School District's major governmental funds are the General Fund and the Debt Service Fund.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the School District's programs.



**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(Continued)**

**THE SCHOOL DISTRICT AS A WHOLE**

Table 1 provides a summary of the School District's net position for fiscal year 2015 compared with fiscal year 2014:

**(Table 1)  
Net Position**

	<b>Governmental Activities 2015</b>	<b>Governmental Activities 2014</b>
<b>Assets:</b>		
Cash and Cash Equivalents	\$3,567,814	\$3,505,132
<b>Net Position:</b>		
<b>Restricted for:</b>		
Debt Service	483,644	460,013
Capital Projects	223,046	248,316
<b>Scholarships:</b>		
Expendable	58,495	60,118
Other Purposes	25,723	42,392
Unrestricted	2,776,906	2,694,293
Total Net Position	<u>\$3,567,814</u>	<u>\$3,505,132</u>

As mentioned previously, net position of governmental activities increased \$62,682, or 2 percent during fiscal year 2015, due in part, to an increase in property taxes levied.

Table 2 reflects the changes in net position for fiscal year 2015 compared with fiscal year 2014.

**(Table 2)  
Changes in Net Position**

	<b>Governmental Activities 2015</b>	<b>Governmental Activities 2014</b>
<b>Cash Receipts:</b>		
<b>Program Receipts:</b>		
Charges for Services and Sales	\$1,217,957	\$1,099,145
Operating Grants and Contributions	674,356	758,060
Total Program Receipts	1,892,313	1,857,205
<b>General Receipts:</b>		
Property Taxes	3,478,683	3,299,901
Grants and Entitlements Not Restricted to Specific Programs	4,611,678	4,636,708
Income Taxes	781,798	766,442
Interest	5,962	6,394
Miscellaneous	69,734	86,502
<b>Debt Refunding:</b>		
Private Placement Bonds– Par Amount	885,000	
Premium on Private Placement Bonds	41,887	
Total General Receipts	9,874,742	8,795,947
Total Receipts	<u>11,767,055</u>	<u>10,653,152</u>

(Continued)

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(Continued)**

**(Table 2)  
Changes in Net Position  
(Continued)**

	<b>Governmental Activities 2015</b>	<b>Governmental Activities 2014</b>
<b>Cash Disbursements:</b>		
<b>Instruction:</b>		
Regular	4,727,254	4,440,901
Special	678,173	626,602
Vocational	51,984	33,119
Other	456,607	401,323
<b>Support Services:</b>		
Pupil	356,778	261,271
Instructional Staff	152,326	243,661
Board of Education	29,557	42,843
Administration	774,201	745,450
Fiscal	280,333	266,058
Operation and Maintenance of Plant	1,382,060	1,368,438
Pupil Transportation	347,144	359,953
Central	25,302	19,500
Non-Instructional Services	3,102	2,979
Extracurricular Activities	333,121	318,295
Capital Outlay	54,174	4,500
Food Services	455,235	431,053
<b>Debt Service:</b>		
Principal Retirement	536,283	509,880
Interest and Fiscal Charges	152,105	165,401
Issuance Cost	23,634	
Payment to Escrow Agent	885,000	
Total Disbursements	<u>11,704,373</u>	<u>10,241,227</u>
(Decrease)/Increase in Net Position	62,682	411,925
Net Position, July 1, 2014	<u>3,505,132</u>	<u>3,093,207</u>
Net Position, June 30, 2015	<u>\$3,567,814</u>	<u>\$3,505,132</u>

Program receipts represent only 16 percent in fiscal year 2015 and 17 percent in fiscal year 2014 of total receipts and are primarily represented by restricted intergovernmental receipts, charges for tuition and fees, extracurricular activities, and food service sales. General receipts represent 84 percent of total receipts in fiscal year 2015 and 83 percent in fiscal year 2014, and of this amount, approximately 47 percent for fiscal year 2015 and 53 percent for fiscal year 2014 is the result of unrestricted grants and entitlements, which primarily represents State foundation resources. Property taxes make up 35 percent in fiscal year 2015 and 38 percent in fiscal year 2014 of the School District's general receipts. The permanent improvement income tax makes up 9 percent of the general receipts in both fiscal year 2015 and fiscal year 2014. Other receipts are very insignificant and somewhat unpredictable revenue sources.

The major program disbursements for governmental activities are for instruction, which accounts for 51 percent of all governmental disbursements in fiscal year 2015 and 54 percent in fiscal year 2014. Other programs which support the instruction process, including pupil, instructional staff, and pupil transportation account for approximately 7 percent of governmental disbursements in fiscal year 2015 and 8 percent in fiscal year 2014.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(Continued)**

Operation and maintenance of the School District's facilities also represents a significant expense, 12 percent in fiscal year 2015 and 13 percent in fiscal year 2014. Therefore, 70 percent in fiscal year 2015 and 75 percent in fiscal year 2014 of the School District's governmental disbursements are related to the primary functions of providing facilities and delivering education.

**Governmental Activities** - If you look at the Statement of Activities, you will see that the first column lists the major services provided by the School District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for instruction and support services, which account for 51 and 29 percent in fiscal year 2015 and 54 and 32 percent in fiscal year 2014, respectively. Debt services also represent a significant cost, approximately 14 percent in fiscal year 2015 and 7 percent in fiscal year 2014.

The next two columns of the Statement of Activities entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the School District that must be used to provide a specific service. The Net (Disbursement) column compares the program receipts to the cost of the service. This "Net Cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)  
Governmental Activities**

	<b>Total Cost of Services 2015</b>	<b>Net Cost of Services</b>	<b>Total Cost of Services 2014</b>	<b>Net Cost of Services</b>
<b>Instruction:</b>				
Regular	\$4,727,254	\$3,869,619	\$4,440,901	\$3,663,893
Special	678,173	204,988	626,602	165,766
Vocational	51,984	51,004	33,119	31,764
Other	456,607	456,607	401,323	401,323
<b>Support Services:</b>				
Pupil	356,778	356,778	261,271	261,271
Instructional Staff	152,326	114,980	243,661	115,003
Board of Education	29,557	29,557	42,843	42,843
Administration	774,201	774,201	745,450	745,450
Fiscal	280,333	280,333	266,058	266,058
Operation and Maintenance of Plant	1,382,060	1,382,060	1,368,438	1,368,438
Pupil Transportation	347,144	347,144	359,953	359,953
Central	25,302	25,302	19,500	19,500
Non-instructional Services	3,102	3,102	2,979	2,979
Extracurricular Activities	333,121	249,497	318,295	245,525
Capital Outlay	54,174	54,174	4,500	4,500
Food Services	455,235	15,692	431,053	14,475
<b>Debt Service:</b>				
Principal Retirement	536,283	536,283	509,880	509,880
Interest and Fiscal Charges	152,105	152,105	165,401	165,401
Issuance Cost	23,634	23,634		
Payment to Escrow Agent	885,000	885,000		
<b>Total Expenses</b>	<b>\$11,704,373</b>	<b>\$9,812,060</b>	<b>\$10,241,227</b>	<b>\$8,384,022</b>

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(Continued)**

The dependence upon property taxes and other general receipts is apparent as 84 percent in fiscal year 2015 and 82 percent in fiscal year 2014 of governmental activities are supported through these general receipts. In fiscal year 2015 and fiscal year 2014, 77 percent of instruction activities are supported through taxes and other general revenues. Operation of food services was funded through general receipts by 3 percent in both fiscal year 2015 and in fiscal year 2014. In fiscal year 2015, 25 percent of extracurricular activities expenses are covered by program revenues and in fiscal year 2014, 23 percent is covered by program revenues. This is primarily due to music and athletic fees, ticket sales and gate receipts. It is apparent that the community, as a whole, is the primary support for the School District.

**THE SCHOOL DISTRICT'S FUNDS**

The School District's governmental funds are accounted for using the cash basis of accounting. Total governmental funds had receipts and other financing sources of \$11,767,055 and disbursements and other financing uses of \$11,704,373, net of transfers. The positive change of \$62,682 in fund balance for the fiscal year indicates that the School District is financially sound, but will continue to look for ways to reduce expenses.

**GENERAL FUND BUDGETING HIGHLIGHTS**

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

During the course of fiscal year 2015, the School District amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts including other financing sources were budgeted at \$8,537,165 while actual receipts were \$8,542,917. The difference between final budgeted receipts and actual receipts was primarily due to increased open enrollment revenue.

Final disbursements including other financing uses were budgeted at \$11,231,458 while actual disbursements were \$8,551,021. The School District was able to restrict spending below what was anticipated. The School District experienced lower instruction and support services expenditures than expected and also had only \$4,500 in capital outlay expenditures that was \$1,627,694 lower than expected. The School District appropriates conservatively in order to cover expenditures.

**DEBT ADMINISTRATION**

At June 30, 2015, the School District's outstanding debt included \$2,237,986 in general obligation bonds issued for improvements to buildings and structures, \$1,325,000 in library construction bonds, \$254,354 in a energy conservation loan and \$13,500 in an operating lease for two parcels of land. For further information regarding the School District's debt, refer to Notes 12 and 13 to the basic financial statements.

**CURRENT ISSUES**

The challenge for all School Districts is to provide quality education to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts deficit spending for fiscal year 2017; therefore, the administration will continue to look for ways to delay the deficit by reducing expenditures through wise spending.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED  
(Continued)**

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Paula M. Parish, Treasurer, Bluffton Exempted Village School District, 102 South Jackson St., Bluffton, Ohio 45817.

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**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS  
JUNE 30, 2015**

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$3,567,814
Total Assets	<u>3,567,814</u>
<b>Net Position:</b>	
<b>Restricted for:</b>	
Debt Service	483,644
Capital Projects	223,046
Other Purposes	25,723
<b>Scholarships:</b>	
Expendable	58,495
Unrestricted	<u>2,776,906</u>
Total Net Position	<u><u>\$3,567,814</u></u>

*See accompanying notes to the basic financial statements.*

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Cash Disbursements	Program Cash Receipts		Net
		Charges for Services and Sales	Operating Grants and Contributions	s) Receipts and Governmental Activities
<b>Governmental Activities:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	\$4,727,254	\$818,968	\$38,667	(\$3,869,619)
Special	678,173		473,185	(204,988)
Vocational	51,984		980	(51,004)
Other	456,607			(456,607)
<b>Support Services:</b>				
Pupil	356,778			(356,778)
Instructional Staff	152,326		37,346	(114,980)
Board of Education	29,557			(29,557)
Administration	774,201			(774,201)
Fiscal	280,333			(280,333)
Operation and Maintenance of Plant	1,382,060			(1,382,060)
Pupil Transportation	347,144			(347,144)
Central	25,302			(25,302)
Non-Instructional Services	3,102			(3,102)
Extracurricular Activities	333,121	83,624		(249,497)
Capital Outlay	54,174			(54,174)
Food Services	455,235	315,365	124,178	(15,692)
<b>Debt Services:</b>				
Principal Retirement	536,283			(536,283)
Interest and Fiscal Charges	152,105			(152,105)
Issuance Cost	23,634			(23,634)
Payment to Escrow Agent	885,000			(885,000)
<b>Total Governmental Activities</b>	<b>\$11,704,373</b>	<b>\$1,217,957</b>	<b>\$674,356</b>	<b>(9,812,060)</b>

**General Receipts**

**Property Taxes Levied for:**

General Purposes	2,967,932
Debt Service	510,751
Income Taxes	781,798
Grants and Entitlements not Restricted to Specific Programs	4,611,678
Interest	5,962
Miscellaneous	69,734
Debt Refunding	
Private Placement Bonds	885,000
Premium on Private Placement Bonds	41,887
<b>Total General Receipts</b>	<b>9,874,742</b>
 Change in Net Position	 62,682
 Net Position Beginning of Year	 3,505,132
 Net Position End of Year	 <b>\$3,567,814</b>

See accompanying notes to the basic financial statements.



**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	<b>General</b>	<b>Debt Service</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>				
Cash and Cash Equivalents	\$2,776,906	483,644	307,264	3,567,814
Total Assets	\$2,776,906	\$483,644	\$307,264	\$3,567,814
<b>Fund Balances:</b>				
Restricted		483,644	307,264	790,908
Assigned	2,725,984			2,725,984
Unassigned	50,922			50,922
Total Fund Balances	\$2,776,906	\$483,644	\$307,264	\$3,567,814

*See accompanying notes to the basic financial statements.*

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND BALANCES  
CASH BASIS - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Cash Receipts:</b>				
Property Taxes	\$2,967,932	\$510,751		\$3,478,683
Income Taxes			\$781,798	781,798
Intergovernmental	4,689,515	144,751	451,768	5,286,034
Interest	3,559	1,113	1,290	5,962
Tuition	767,183			767,183
Classroom Materials and Fees	51,785			51,785
Extracurricular Activities			83,624	83,624
Charges for Services			315,365	315,365
Miscellaneous	62,943		6,791	69,734
Total Cash Receipts	<u>8,542,917</u>	<u>656,615</u>	<u>\$1,640,636</u>	<u>10,840,168</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	4,383,689		343,565	4,727,254
Special	425,759		252,414	678,173
Vocational	51,984			51,984
Other	456,607			456,607
<b>Support Services:</b>				
Pupil	356,778			356,778
Instructional Staff	113,477		38,849	152,326
Board of Education	29,557			29,557
Administration	774,201			774,201
Fiscal	258,651	9,955	11,727	280,333
Operation and Maintenance of Plant	940,742		441,318	1,382,060
Pupil Transportation	346,541		603	347,144
Central	25,302			25,302
Operation of Non-Instructional Services	602		2,500	3,102
Operation of Food Services			455,235	455,235
Extracurricular Activities	244,808		88,313	333,121
Capital Outlay	4,500		49,674	54,174
<b>Debt Service:</b>				
Principal Retirement		536,283		536,283
Interest and Fiscal Charges		152,105		152,105
Total Cash Disbursements	<u>8,413,198</u>	<u>698,343</u>	<u>1,684,198</u>	<u>10,795,739</u>
Excess of Receipts Over (Under) Disbursements	129,719	(41,728)	(43,562)	44,429
<b>Other Financing Sources (Uses):</b>				
Debt Refunding - Private Placement Bonds		885,000		885,000
Premium on Private Placement Bonds		41,887		41,887
Payment to Escrow Agent		(885,000)		(885,000)
Issuance Cost		(23,634)		(23,634)
Transfers In		47,106		47,106
Transfers Out	(47,106)			(47,106)
Total Other Financing Sources (Uses)	<u>(47,106)</u>	<u>65,359</u>		<u>18,253</u>
Net Change in Fund Balances	82,613	23,631	(43,562)	62,682
Fund Balances Beginning of Year	<u>2,694,293</u>	<u>460,013</u>	<u>350,826</u>	<u>3,505,132</u>
Fund Balances End of Year	<u>\$2,776,906</u>	<u>\$483,644</u>	<u>\$307,264</u>	<u>\$3,567,814</u>

See accompanying notes to the basic financial statements.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - (BUDGET BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Receipts:</b>				
Property Taxes	\$3,000,000	\$3,000,000	\$2,967,932	(\$32,068)
Intergovernmental	4,774,327	4,749,327	4,689,515	(59,812)
Interest	4,600	4,600	3,559	(1,041)
Tuition	680,000	680,000	767,183	87,183
Classroom Material and Fees	52,000	49,800	51,785	1,985
Revenue in Lieu of Taxes	1,000	1,000		(1,000)
Miscellaneous	52,700	41,388	35,445	(5,943)
Total Cash Receipts	<u>8,564,627</u>	<u>8,526,115</u>	<u>8,515,419</u>	<u>(10,696)</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	4,810,077	4,768,964	4,429,240	339,724
Special	451,700	451,700	432,759	18,941
Vocational	85,000	85,000	61,984	23,016
Adult/Continuing	1,000	1,000		1,000
Other	395,000	465,000	456,607	8,393
<b>Support Services:</b>				
Pupil	402,790	402,790	359,778	43,012
Instructional Staff	145,294	145,294	113,639	31,655
Board of Education	57,550	58,650	29,557	29,093
Administration	877,419	877,419	775,221	102,198
Fiscal	298,530	298,530	259,474	39,056
Operation and Maintenance of Plant	1,241,691	1,240,592	952,423	288,169
Pupil Transportation	424,244	424,244	358,523	65,721
Central	22,350	27,350	25,302	2,048
Extracurricular Activities	248,625	251,125	244,908	6,217
Capital Outlay	1,732,194	1,632,194	4,500	1,627,694
Total Disbursements	<u>11,193,464</u>	<u>11,129,852</u>	<u>8,503,915</u>	<u>2,625,937</u>
Excess of Receipts Over (Under) Disbursements	(2,628,837)	(2,603,737)	11,504	2,615,241
<b>Other Financing Sources (Uses):</b>				
Advances In	31,150	6,050		(6,050)
Advances Out				
Transfers Out	(101,606)	(101,606)	(47,106)	54,500
Refund of Prior Year Expenditures	5,000	5,000	27,498	22,498
Total Other Financing Sources (Uses)	<u>(65,456)</u>	<u>(90,556)</u>	<u>(19,608)</u>	<u>70,948</u>
Net Change in Fund Balance	(2,694,293)	(2,694,293)	(8,104)	2,686,189
Fund Balance Beginning of Year	2,513,549	2,513,549	2,513,549	
Prior Year Encumbrances Appropriated	180,744	180,744	180,744	
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$2,686,189</u>	<u>\$2,686,189</u>

See accompanying notes to the basic financial statements.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS  
FIDUCIARY FUNDS  
JUNE 30, 2015**

	<b>Private Purpose Trust</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$10,318	\$50,752
<b>Net Position:</b>		
Held for Students		50,752
<b>Held in Trust for Scholarships:</b>		
Expendable	318	
Non-expendable	10,000	
	\$10,318	\$50,752

*See accompanying notes to the basic financial statements.*

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Private Purpose Trust</u>
<b>Additions:</b>	
Investment Income	\$21
Total Additions	<u>21</u>
 Change in Net Position	 21
 Net Position - Beginning of Year	 <u>10,297</u>
 Net Position - End of Year	 <u><u>\$10,318</u></u>

*See accompanying notes to the basic financial statements.*

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**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District was established in 1861 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 57.5 square miles. It is located in Allen and Hancock counties and includes the entire Village of Bluffton, all of Richland Township, and portions of Monroe and Orange Townships. The School District is the 428 largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by 39 classified employees, 64 certified teaching personnel, and 6 administrative employees who provide services to 1168 students and other community members. The School District currently operates 3 buildings.

The reporting entity is composed of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading.

**A. Primary Government**

The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities.

**B. Component Units**

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. The School District is also financially accountable for any organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the School District, are accessible to the School District and are significant in amount to the School District. The School District does not have any component units.

**C. Jointly Governed Organizations**

The School District participates in three jointly governed organizations and two public entity risk pools, and is associated with a related organization. These organizations are the Apollo Career Center, Northwest Ohio Area Computer Services Cooperative (NOACSC), Northwestern Ohio Educational Research Council, Inc., Allen County Schools Health Benefit Plan, Ohio School Boards Association Workers' Compensation Group Rating Plan, and Bluffton-Richland Public Library. These organizations are presented in Notes 16, 17 and 18 to the basic financial statements.

The School Districts management believes these financial statements present all activities for which the School District is financially accountable.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

**A. Basis of Presentation**

The School District's basic financial statements consist of government-wide financial 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.

**1. Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The School District reports no business type activities.

The statement of net position presents the cash balance of the governmental activities of the School District at fiscal year-end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

**2. Fund Financial Statements**

During the fiscal 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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.



**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Fund Accounting**

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

**1. Governmental Funds**

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The School District's major funds are the General Fund and Debt Service Fund.

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

**Debt Service Fund** – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest and related costs.

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

**2. Fiduciary Funds**

Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District's Private Purpose Trust Fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature. The School District's Agency Fund accounts for various student-managed activities.

**C. Basis of Accounting**

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the five year forecast, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The five year forecast demonstrates a need for existing or increased tax rates.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund, function, object, level for all funds.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

**E. Cash and Investments**

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

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During fiscal year 2015, investments were limited to 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2015.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2015 was \$3,559, which includes \$144 assigned from other funds. Other School District funds had interest receipts of \$2,403.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Restricted Net Position**

Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position was restricted for debt service, capital projects and scholarships. Net position restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to disbursement for specified purposes.

The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net positions are available.

**G. Inventory And Prepaid Items**

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**I. Interfund Receivables/Payables**

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. The School District did not have advance activity during the year.

**J. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the School District's cash basis of accounting.

**K. Pensions**

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. Long-Term Obligations**

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Fund Balance**

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

**Non-spendable** - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

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

**Committed** - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. 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 classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the 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.

The School District first applies restricted resources when an expenditure is 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 can be used.

**N. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 cash disbursements to the funds that initially paid for them are not presented in the financial statements.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**3. COMPLIANCE**

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

**4. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Change in Fund Balance – Budget and Actual – (Budget Basis) presented for the General Fund is prepared on the budget basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget basis) rather than as restricted or assigned fund balance (cash basis). The adjustments necessary to reconcile the cash and budget basis statements for the General Fund are as follows:

<b>Difference in Fund Balance</b>	
Cash Basis	\$2,776,906
Increase (Decrease) Due To:	
Encumbrances Outstanding at Fiscal Year End	(90,717)
Budget Basis	\$2,686,189

**5. DEPOSITS AND INVESTMENTS**

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
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, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At fiscal year end, the School District had \$600 in un-deposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

**A. Deposits**

At fiscal year end, the carrying amount of the School District's deposits was \$2,939,359. Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the School District's bank balance of \$3,213,711 was not exposed to custodial credit risk because it was insured through the Federal Deposit Insurance Corporation (FDIC) and a \$1,500,000 Letter of Credit, with the School District listed as beneficiary, through the Federal Home Loan Bank of Cincinnati.

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

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments**

As of June 30, 2015, the investment with Star Ohio was \$688,925. STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**6. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal year runs from July through June. First-half tax distributions are received by the School District in the second half of the fiscal year. Second-half tax distributions are received 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. Property tax receipts received in 2015 for real and public utility property taxes represents collections of the 2014 taxes. Property tax payments received during 2015 for tangible personal property (other than public utility property) is for 2014 taxes.

2015 real property taxes are levied after October 1, 2014 on the assessed values as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2015 real property taxes collected after June 30, 2015 are intended to finance 2016.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes which became a lien on December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes.

Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes.

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

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

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
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**6. PROPERTY TAXES (Continued)**

	<b>2014 Second- Half Collections</b>		<b>2015 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
<b>Real Property:</b>				
Agricultural/Residential	\$104,539,850	78.17%	\$105,256,080	78.24%
Industrial/Commercial	21,255,700	15.89%	21,427,540	15.93%
Public Utility Property	97,680	.07%		.00%
Tangible/Utility Personal Property	7,843,970	5.87%	7,845,970	5.83%
Total Assessed Value	<u>\$133,737,200</u>	<u>100.00%</u>	<u>\$134,529,590</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$40.800		\$42.786	

**7. INCOME TAXES**

The School District levies a voted tax of one-half percent for permanent improvements on the income of residents and of estates. The tax was effective on January 1, 2008, and is renewed by the voters in three year increments through December 31, 2016. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are recorded in the Permanent Improvement Fund.

**8. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015, the School District contracted with Schools of Ohio Risk Sharing Authority for the following insurance coverage:

Building and Contents - Replacement Cost	\$ 42,356,370
Automobile Liability	15,000,000
General Liability	
Per Occurrence	15,000,000
Aggregate	17,000,000

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

The School District participates in the Allen County Schools Health Benefit Plan (the Plan) (Note 17), a public entity shared risk pool consisting of the local school districts within Allen County. The School District pays monthly premiums to the Plan for employee medical and dental benefits. The Plan is responsible for the management and operations of the program. Upon withdrawal from the Plan, a participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

For fiscal year 2015, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP) (Note 17), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the GRP.



**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
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**8. RISK MANAGEMENT (Continued)**

Each member 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 member's individual performance is compared to the overall savings of the GRP. A member will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each member share equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that meet GRP's selection criteria. The form of Comp Management provides administrative, cost control, and actuarial services to the GRP.

**9. DEFINED BENEFIT PENSION PLANS**

**A. Net Pension Liability**

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68" were effective. These GASB pronouncements had no effect on beginning net position as reported June 30, 2014, as the net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below.

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**9. DEFINED BENEFIT PENSION PLANS (Continued)**

**B. Plan Description - School Employees Retirement System (SERS)**

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

Age and service requirements for retirement are as follows:

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

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

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

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

**Funding Policy** – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund).

For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$156,564 for fiscal year 2015.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**9. DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

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

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

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

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

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**9. DEFINED BENEFIT PENSION PLANS (Continued)**

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

**Funding Policy** – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$560,171 for fiscal year 2015.

**D. Net Pension Liability**

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Bluffton Exempted Village School District's proportion of the net pension liability was based on the Bluffton Exempted Village School 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:

	<b>SERS</b>	<b>STRS</b>	<b>Total</b>
Proportionate Share of the Net Pension Liability	\$1,899,068	\$8,937,884	\$10,836,952
Proportion of the Net Pension Liability	3.752400%	3.6745950%	

**E. 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**9. DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or AdHoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

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

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

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

**Discount Rate** The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent).

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**9. DEFINED BENEFIT PENSION PLANS (Continued)**

Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
School District's proportionate share of the net pension liability	\$2,709,406	\$1,899,068	\$1,217,504

**F. Actuarial Assumptions - STRS**

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

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

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

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**9. DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$12,795,559	\$8,937,884	\$5,675,594

**G. Social Security System**

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

**10. POST-EMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

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

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**10. POST-EMPLOYMENT BENEFITS (Continued)**

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

**Funding Policy** - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the School District's surcharge obligation was \$19,874.

The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$9,170, \$1,527, and \$1,806, respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

**B. State Teachers Retirement System**

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

**Funding Policy** – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$38,006, and \$38,313, respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.



**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**11. INTERFUND TRANSACTIONS**

Interfund transfers for the year ended June 30, 2015, consisted of the following, as reported on the fund financial statements:

Transfers to Major Debt Service funds from:	
General Fund	\$47,106

Transfers are used to move unrestricted cash receipts collected in the general fund to other funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Advances can be made between the General Fund and the other governmental non major funds. The School District did not have advances for the year ended June 30, 2015.

Interfund transfers and advances between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers or advances are reported on the statement of activities.

**12. LONG TERM OBLIGATIONS**

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

<u>Governmental Activities</u>	<u>Balance at 6/30/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/15</u>	<u>Due Within One Year</u>
General Obligation Bonds					
2005 School Improvement					
Serial Bonds 3.0 – 3.75%	\$885,000		\$435,000	\$450,000	\$450,000
Term Bonds - 4.125%	885,000		885,000		
Capital Appreciation Bonds – 25.6%	79,641			79,641	
Accretion on Capital Bonds	630,003	\$193,342		823,345	
2015 School Improvement					
Private Placement Bonds		\$885,000		885,000	15,000
Total School Improvement Bonds	<u>2,479,644</u>	<u>1,078,342</u>	<u>1,320,000</u>	<u>2,237,986</u>	<u>465,000</u>
Library Construction Bonds-4.92%	1,390,000		65,000	1,325,000	65,000
Energy Conservation Financing Pro.					
2006 HB 264 Loan – 3.947%	<u>290,637</u>		<u>36,283</u>	<u>254,354</u>	<u>37,718</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$4,160,281</u>	<u>\$1,078,342</u>	<u>\$1,421,283</u>	<u>\$3,817,340</u>	<u>\$567,718</u>

**2015 School Improvement Refunding Bonds** – On March 12, 2015, the School District refinanced the \$885,000 Term Bonds with the issuance of \$885,000 in Private Placement Bonds. This transaction resulted in a savings to local taxpayers of \$62,023.20 over the life of the bonds.

**2005 School Improvement Bonds** – On May 3, 2005, the School District defeased a 1997 School Improvement Bond Issue with the issuance of \$5,034,641 in general obligation bonds. The bond issue included serial and term current interest bonds, and capital appreciation bonds in the amount of \$4,070,000, \$885,000 and \$79,641, respectively.

**Term Bonds** - The \$885,000 term bonds were refinanced March 12, 2015 with the issuance of the 2015 School Improvement Refunding Bonds.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**12. LONG TERM OBLIGATIONS (Continued)**

The current interest bonds maturing on December 2015 and December 2021 are subject to optional redemption, in whole or part on any date in any order of maturity as determined by the Board of Education and by lot within a maturity at the option of the board of Education on or after June 1, 2015, at the redemption price of 100%.

The capital appreciation bonds are not subject to redemption until maturity and will mature in fiscal years 2016 through 2019. The maturity amount of the bonds is \$1,785,000. For fiscal year 2015, the accretion was \$193,342 and the total accreted bond value was \$902,986.

**2002 Library Construction Improvement Bonds** - On February 1, 2002, Library Construction Improvement Bonds were issued in the amount of \$1,965,000 for the purpose of renovating, improving and constructing an addition to the Bluffton-Richland Public Library. These bonds are payable from a voted debt service tax levied on all taxable property in the School District.

**Energy Conservation HB264 Loan** – the loan was obtained for energy conserving measures in accordance with the House Bill 264 School Energy Conservation Financing Program, at a 5% rate of interest. The School District was awarded \$519,301. Of this amount \$309,811 was received in fiscal year 2007 and \$209,648 was received in fiscal year 2006. The loan will be retired from the debt service fund with payments beginning in August 2006. On July 15, 2011, the School District refinanced the Energy Conservation HB264 Loan, in the amount of \$388,593 at a 3.947% fixed rate of interest, maturing on July 15, 2021.

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2015, were as follows:

Fiscal Year	General Obligation Bonds				
	Serial		Private Placement		
	Ending	Principal	Interest	Principal	Interest
2016	\$515,000	\$78,929	\$15,000	\$28,694	
2017	70,000	67,183	5,000	28,367	
2018	75,000	63,388	5,000	28,204	
2019	75,000	59,262	5,000	28,040	
2020	80,000	55,000	5,000	27,877	
2021-2025	475,000	201,437	850,000	27,632	
2026-2029	485,000	55,137			
Totals	<u>\$1,775,000</u>	<u>\$580,336</u>	<u>\$885,000</u>	<u>\$168,814</u>	

Fiscal Year	General Obligation Bonds		
	Capital Appreciation		
	Ending	Principal	Interest
2017	\$28,574	\$436,426	
2018	21,248	418,752	
2019	16,698	423,302	
2020	13,121	426,879	
Totals	<u>\$79,641</u>	<u>\$1,705,359</u>	

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**12. LONG TERM OBLIGATIONS (Continued)**

<b>Fiscal Year Ending</b>	<b>Energy Conservation HB264 Loan</b>	
	<b>Principal</b>	<b>Interest</b>
2016	\$37,718	\$9,388
2017	39,259	7,847
2018	40,837	6,269
2019	42,479	4,627
2020	44,179	2,927
2021-2022	49,882	1,157
Totals	<b>\$254,354</b>	<b>\$32,215</b>

The interest on the capital appreciation bonds represents the accretion of the deep-discounted bonds from the initial value at the time of issuance to their value at final maturity.

The School District has defeased the 1997 School Improvement bond Issue by placing cash with a trustee in an amount sufficient to pay all debt principal and interest when they come due. The principal amount of the defeased debt outstanding at June 30, 2015 was \$1,414,641. The cash and investments held by the trustee are not included in the School District's assets nor are the outstanding bonds included above.

The School District's overall debt margin was \$9,597,313 with an un-voted debt margin of \$134,530 at June 30, 2015.

**13. OPERATING LEASE**

The School District leases two parcels of land under a cancelable lease with the final payment due in fiscal year 2018. The School District disbursed \$4,500 to pay lease costs for the fiscal year ended June 30, 2015. Future lease payments are as follows:

<b>Year</b>	<b>Amount</b>
2016	\$4,500
2017	4,500
2018	4,500
Total	<b>\$13,500</b>

**14. SET ASIDE REQUIREMENTS**

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

The following cash basis information identifies the changes in the fund balance reserves for capital improvements during fiscal year 2015.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**14. SET ASIDE REQUIREMENTS (Continued)**

	<b>Capital Improvements</b>
Set Aside Reserve Balance June 30, 2015	
Current Year Set Aside Requirement	\$189,301
Current Year Offsets	(189,301)
Current Year Qualifying Expenditures	
Total	\$0
Amount Carried Forward to Fiscal Year 2016	\$0

**15. FUND BALANCE**

Fund balance is classified as non-spendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<b>Fund Balance</b>	<b>General</b>	<b>Debt Service</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Restricted for:</b>				
Athletics			\$11,851	\$11,851
Food Service Operations			10,952	10,952
Scholarships			58,495	58,495
Capital Improvements			223,046	223,046
Operating Grants			2,920	2,920
Debt Service		\$483,644		483,644
Total Restricted		483,644	307,264	790,908
<b>Assigned for:</b>				
Subsequent Year Appropriations	\$2,635,267			2,635,267
Unpaid Obligations	\$90,717			90,717
Total Assigned	2,725,984			2,725,984
Unassigned	50,922			50,922
Total Fund Balance	\$2,776,906	\$483,644	\$307,264	\$3,567,814

**16. JOINTLY GOVERNED ORGANIZATIONS**

**A. Apollo Career Center**

The Apollo Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Apollo Career Center, Greg Bukowski, who serves as Treasurer, at 3325 Shawnee Road, Lima, Ohio 45806.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**16. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**B. Northwest Ohio Area Computer Services Cooperative**

The Northwest Ohio Area Computer Services Cooperative (NOACSC) is a jointly governed organization among member school districts, including both public school districts and county boards of education, in Allen, Auglaize, Hancock, Mercer, Paulding, Putnam, and Van Wert 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 school supports NOACSC based upon a per pupil charge. The Governing Board of NOACSC consists of two representatives from each county and one representative from the fiscal agent. The representatives from each county are elected by a majority vote of all county member schools. Financial information can be obtained from Ray Burden, Director, at 645 South Main St., Lima, Ohio 45805.

**C. Northwestern Ohio Educational Research Council, Inc.**

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training.

The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

**17. PUBLIC ENTITY RISK POOLS**

**A. Allen County Schools Health Benefit Plan**

The School District participates in the Allen County Schools Health Benefit Plan (the Program), a public entity shared risk pool consisting of the school districts within Allen County. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides sick, accident and other benefits to the employees of the participating school districts.

Each participating school district's superintendent is appointed to a Board of Trustees which advises the Trustee, Gallagher Benefits, concerning aspects of the administration of the Trust. Each school district decides which plan offered by the Board of Trustees will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Board of Trustees and payment of the monthly premiums. Financial information can be obtained from Dean Wittwer, who serves as Chairman, at 1920 Slabtown Road, Lima, Ohio 45801.

**B. Ohio School Boards Association Workers' Compensation Group Rating Plan**

The School District participates in a group rating plan for workers' compensation as established

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

in Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan") was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

**18. RELATED ORGANIZATION**

**Bluffton Public Library**

The Bluffton Public 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 District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies.

Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Bluffton-Richland Public Library, James Weaver, Fiscal Officer, at 145 S. Main Street, Bluffton, Ohio 45817.

**19. CONTINGENT LIABILITIES**

- A. Amounts grantor agencies pay to the School District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.
- B. School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school district, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the school district; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School District.

**20. ACCOUNTABILITY**

**Change in Accounting Principles**

For fiscal year 2015, the School District has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68".

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**20. ACCOUNTABILITY (Continued)**

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the School District's pension plan disclosures, as presented in Note 9 to the financial statements.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and non-employer contributing entities. The implementation of GASB Statements No. 68 and No. 71. did not have an effect on the financial statements of the School District.

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# Dave Yost • Auditor of State

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

Bluffton Exempted Village School District  
Allen County  
102 South Jackson Street  
Bluffton, Ohio 45817

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bluffton Exempted Village School District, Allen County, Ohio (the School District) as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated May 10, 2016, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2015-001.

***Entity's Response to Findings***

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the School District's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 10, 2016

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2015-001**

**Noncompliance Citation**

**Ohio Rev. Code § 117.38** provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code § 117-2-03 further clarifies the requirements of Ohio Rev. Code § 117.38.

**Ohio Adm. Code § 117-2-03 (B)** requires all school districts to file annual financial reports which are prepared using generally accepted accounting principles. The School District prepared its financial statements in accordance with the cash accounting basis. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code §117.38 the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

To help provide the users with more meaningful financial statements, the School District should prepare its financial statements according to generally accepted accounting principles.

**OFFICIALS' RESPONSE:**

The Bluffton Exempted Village School District plans to continue reporting using the cash basis of accounting as directed by the Board of Education on September 15, 2003. Financial Statements are prepared using the GASB 34/Other Comprehensive Basis of Accounting (OCBOA) format because the District believes this to be more cost efficient.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2015**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i></b>
2014-001	<b>Ohio Rev. Code § 117.38 &amp; Ohio Admin. Code § 117-2-03(B)</b> – failed to prepare financial statements in accordance with generally accepted accounting principles (GAAP)	No	Repeated as Finding 2015-001



# Dave Yost • Auditor of State

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT**

**ALLEN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 7, 2016**