



Rea & associates *a brighter way*

# Buckeye Central Local School District

## Crawford County, Ohio

### *Audited Financial Statements*

For the Fiscal Year Ended  
June 30, 2015





# Dave Yost • Auditor of State

Board of Education  
Buckeye Central Local School District  
938 S. Kibler Street  
New Washington, Ohio 44854

We have reviewed the *Independent Auditor's Report* of the Buckeye Central Local School District, Crawford County, prepared by Rea & Associates, Inc., for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

January 12, 2016

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**Buckeye Central Local School District**  
**Crawford County, Ohio**  
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*June 30, 2015*

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November 19, 2015

To the Board of Education  
Buckeye Central Local School District  
Crawford County, Ohio  
938 S. Kibler Street  
New Washington, OH 44854

## **Independent Auditor's Report**

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

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

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

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

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

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Buckeye Central Local School District, Crawford County, Ohio, as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of a Matter***

As described in Note 3, the District restated the net position balances to account for the implementation of 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*. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, *Schedule of the District's Proportionate Share of the Net Pension Liability*, and *Schedule of District Contributions* on pages 5-15, 64-65, and 66-69, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, are required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

*Rea & Associates, Inc.*

Wooster, Ohio

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**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

The management's discussion and analysis of the Buckeye Central Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2015 are as follows:

- In total, net position of governmental activities increased \$483,332 which represents a 3.98% increase from 2014 as restated in Note 3.A.
- General revenues accounted for \$8,577,836 in revenue or 85.32% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,475,706 or 14.68% of total revenues of \$10,053,542.
- The District had \$9,570,210 in expenses related to governmental activities; \$1,475,706 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,577,836 were adequate to provide for these programs.
- The District's two major governmental funds are the general fund and bond retirement fund. The general fund had \$8,640,257 in revenues and \$8,261,493 in expenditures and other financing uses. During fiscal year 2015, the general fund's fund balance increased \$378,764 from a balance of \$3,747,558 to \$4,126,322.
- The bond retirement fund had \$608,719 in revenues and \$546,568 in expenditures. During fiscal year 2015, the bond retirement fund's fund balance increased by \$62,151 from a balance of \$1,182,516 to a balance of \$1,244,667.

**Using these Basic Financial Statements**

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

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

**Reporting the District as a Whole**

***Statement of Net Position and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The statement of net position and the statement of activities answer this question. These statements include all *assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the Governmental Activities include the District's programs and services, including instruction, support services, extracurricular activities, and food service operations.

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

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 13. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and bond retirement fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-22 of this report.

***Fiduciary Funds***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 24 and 25. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-61 of this report.

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 64 through 70 of this report.

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position at June 30, 2015 and June 30, 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

	<b>Net Position</b>	
	Governmental Activities <u>2015</u>	Restated Governmental Activities <u>2014</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 9,961,784	\$ 9,094,724
Capital assets, net	<u>23,448,486</u>	<u>24,004,053</u>
Total assets	<u>33,410,270</u>	<u>33,098,777</u>
<b><u>Deferred Outflows of Resources</u></b>		
Pension	<u>645,159</u>	<u>517,945</u>
Total deferred outflows of resources	<u>645,159</u>	<u>517,945</u>
<b><u>Liabilities</u></b>		
Current liabilities	869,693	803,395
Long-term liabilities:		
Due within one year	363,667	328,716
Due in more than one year:		
Net pension liability	8,781,553	10,435,644
Other amounts	<u>7,758,120</u>	<u>8,039,539</u>
Total liabilities	<u>17,773,033</u>	<u>19,607,294</u>
<b><u>Deferred Inflows of Resources</u></b>		
Property taxes levied for next year	2,062,637	1,862,707
Pensions	<u>1,589,706</u>	<u>-</u>
Total deferred inflows of resources	<u>3,652,343</u>	<u>1,862,707</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	15,707,924	16,105,232
Restricted	2,442,139	2,116,649
Unrestricted (deficit)	<u>(5,520,010)</u>	<u>(6,075,160)</u>
Total net position	<u>\$ 12,630,053</u>	<u>\$ 12,146,721</u>

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

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

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

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$22,064,420 to \$12,146,721.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the District's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$12,630,053. Of this total, (\$5,520,010) is unrestricted in use.

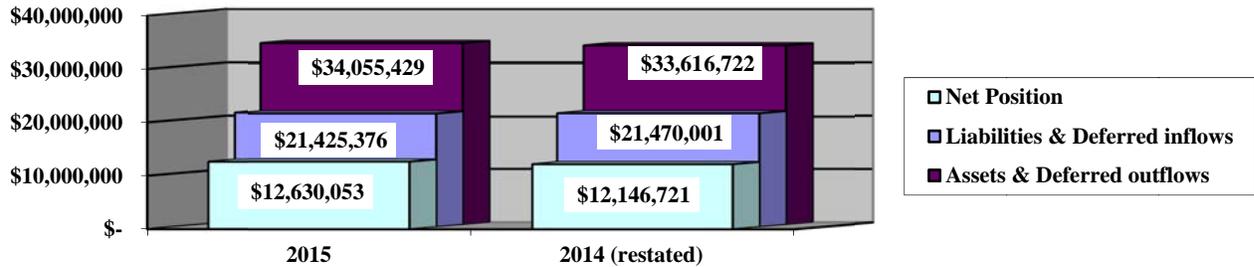
Current and other assets increased \$867,060 in fiscal year 2015. This is primarily due to an increase of cash and investments from operations totaling \$647,363.

At year-end, capital assets represented 70.18% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2015, was \$15,707,924. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$2,442,139, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of (\$5,520,010), which was primarily caused by the implementation of GASB 68 and 71.

The graph below illustrates the District's assets and deferred outflows, liabilities and deferred inflows of resources, and net position at June 30, 2015 and June 30, 2014.

**Governmental Activities**



The table below shows the change in net position for fiscal years 2015 and 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

	<b>Change in Net Position</b>	
	Governmental Activities 2015	Governmental Activities 2014
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 524,078	\$ 550,019
Operating grants and contributions	938,588	892,263
Capital grants and contributions	13,040	26,970
General revenues:		
Property taxes	2,661,871	2,444,217
School district income tax	1,658,916	1,667,729
Grants and entitlements	4,209,308	4,264,180
Investment earnings	11,132	9,479
Miscellaneous	36,609	32,941
<b>Total revenues</b>	<b>10,053,542</b>	<b>9,887,798</b>

- Continued

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

	<u>Change in Net Position (Continued)</u>	
	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 4,316,928	\$ 4,066,181
Special	1,090,875	1,120,971
Vocational	165,809	163,077
Support services:		
Pupil	290,327	304,576
Instructional staff	86,153	79,393
Board of education	17,056	24,789
Administration	782,500	899,540
Fiscal	334,208	296,857
Operations and maintenance	834,549	581,464
Pupil transportation	410,647	522,839
Central	108,216	104,877
Operations of non-instructional services:		
Food service operations	321,907	316,790
Non-instructional services	39,977	59,740
Extracurricular activities	418,726	394,481
Interest and fiscal charges	<u>352,332</u>	<u>370,049</u>
Total expenses	<u>9,570,210</u>	<u>9,305,624</u>
<b><u>Special items</u></b>		
OSFC Closeout	<u>-</u>	<u>(739,177)</u>
Change in net position	483,332	(157,003)
Net position at beginning of year (restated)	<u>12,146,721</u>	<u>N/A</u>
Net position at end of year	<u>\$ 12,630,053</u>	<u>\$ 12,146,721</u>

**Governmental Activities**

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$517,945 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$370,736.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$ 9,570,210
Pension expense under GASB 68	(370,736)
2015 contractually required contributions	<u>562,334</u>
Adjusted 2015 program expenses	9,761,808
Total 2014 program expenses under GASB 27	<u>9,305,624</u>
Increase in program expenses not related to pension	<u>\$ 456,184</u>

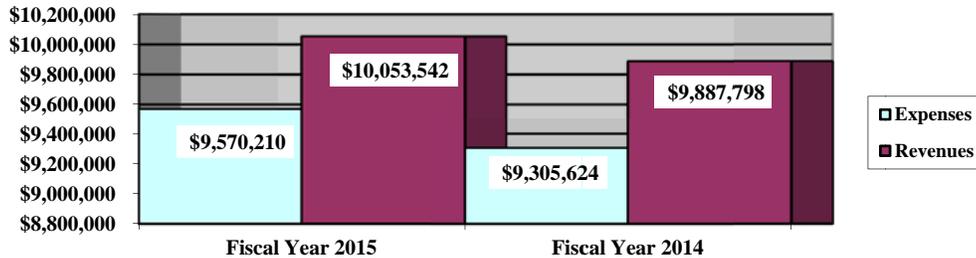
Net position of the District's governmental activities increased \$483,332. Total governmental expenses of \$9,570,210, were offset by program revenues of \$1,475,706 and general revenues of \$8,577,836. Program revenues supported 15.42% of the total governmental expenses. Operating grants and contributions increased \$46,325 due to higher special education foundation funding.

The primary sources of revenue for governmental activities are derived from taxes, and grants and entitlements. These revenue sources represent 84.85% of total governmental revenue. Property tax revenues increased due to fluctuations in the amount of tax collected from increased CAUV values and available for advance at fiscal year-end by the Crawford County Auditor. Tax advances available are recorded as revenue under GAAP. The amount of tax advances available at June 30, 2015, 2014, 2013 was \$639,363, \$619,864, and \$625,619, respectively. The amount of tax advance available at year-end can vary depending upon when the county auditors distribute tax bills

The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,573,612 or 58.24% of total governmental expenses for fiscal year 2015.

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2015 and 2014.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and sales, and grants and contributions offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

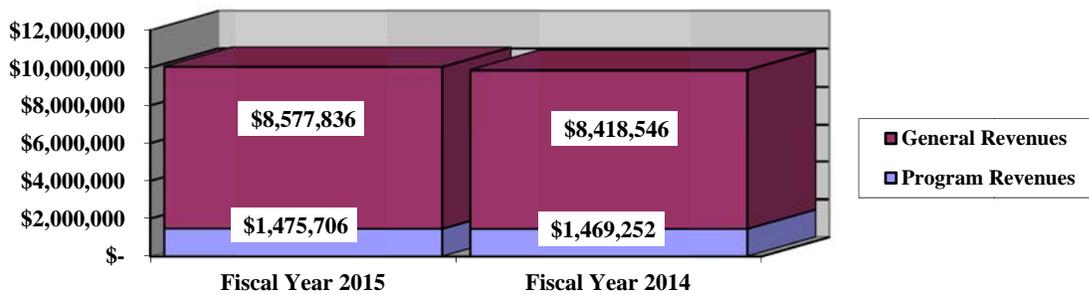
**Governmental Activities**

	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 4,316,928	\$ 4,057,091	\$ 4,066,181	\$ 3,795,804
Special	1,090,875	450,497	1,120,971	577,796
Vocational	165,809	128,760	163,077	124,346
Support services:				
Pupil	290,327	246,896	304,576	258,823
Instructional staff	86,153	74,793	79,393	61,619
Board of education	17,056	17,056	24,789	24,789
Administration	782,500	782,500	899,540	899,540
Fiscal	334,208	334,068	296,857	296,535
Operations and maintenance	834,549	828,897	581,464	575,794
Pupil transportation	410,647	410,031	522,839	504,591
Central	108,216	102,816	104,877	99,477
Operations of non-instructional services:				
Food service operations	321,907	8,901	316,790	(15,456)
Non-instructional services	39,977	2,764	59,740	(4)
Extracurricular activities	418,726	297,102	394,481	262,669
Interest and fiscal charges	<u>352,332</u>	<u>352,332</u>	<u>370,049</u>	<u>370,049</u>
Total expenses	<u>\$ 9,570,210</u>	<u>\$ 8,094,504</u>	<u>\$ 9,305,624</u>	<u>\$ 7,836,372</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 83.18% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 84.58%. The District's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2015 and 2014.

**Governmental Activities - General and Program Revenues**



**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 19) reported a combined fund balance of \$6,726,629, which is higher than last year's total of \$6,160,457. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2015 and 2014.

	Fund Balance <u>June 30, 2015</u>	Fund Balance <u>June 30, 2014</u>	<u>Change</u>	Percentage <u>Change</u>
General	\$ 4,126,322	\$ 3,747,558	\$ 378,764	10.11 %
Bond retirement	1,244,667	1,182,516	62,151	5.26 %
Other governmental	<u>1,355,640</u>	<u>1,230,383</u>	<u>125,257</u>	10.18 %
Total	<u>\$ 6,726,629</u>	<u>\$ 6,160,457</u>	<u>\$ 566,172</u>	9.19 %

**General Fund**

The District's general fund balance increased \$378,764.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2015 <u>Amount</u>	2014 <u>Amount</u>	<u>Change</u>	Percentage <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 3,748,850	\$ 3,602,486	\$ 146,364	4.06 %
Earnings on investments	10,909	8,958	1,951	21.78 %
Intergovernmental	4,533,804	4,536,154	(2,350)	(0.05) %
Other revenues	<u>346,694</u>	<u>330,385</u>	<u>16,309</u>	4.94 %
Total	<u>\$ 8,640,257</u>	<u>\$ 8,477,983</u>	<u>\$ 162,274</u>	1.91 %
<b><u>Expenditures</u></b>				
Instruction	\$ 5,095,945	\$ 4,852,855	\$ 243,090	5.01 %
Support services	2,563,432	2,623,647	(60,215)	(2.30) %
Non-instructional services	495	30	465	1,550.00 %
Extracurricular activities	221,137	216,910	4,227	1.95 %
Debt service	<u>80,484</u>	<u>100,829</u>	<u>(20,345)</u>	(20.18) %
Total	<u>\$ 7,961,493</u>	<u>\$ 7,794,271</u>	<u>\$ 167,222</u>	2.15 %

Revenues of the general fund increased \$162,274 or 1.91%. Tax revenues increased by \$146,364. This increase can be attributed to increased collections from changes in CAUV valuation and a change in the amount of tax advance that was available to the District from the County Auditor at June 30, 2015, June 30, 2014, and June 30, 2013. This variance resulted in more tax revenue being reported in fiscal year 2015. The amount of tax advances available from the County Auditor can vary depending upon when tax bills are mailed. Earnings on investments increase by \$1,951 or 21.78%. This increase can be attributed to an increase in investments by the District

Expenditures of the general fund increased \$167,222 or 2.15% which can be primarily attributed to increases in instructional expenditures related to increased personnel costs. The largest proportionate decrease in expenditures is debt service of \$20,345 or 20.18%, which can primarily be attributed to the District paying off a capital lease in fiscal year 2015

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

***Bond Retirement Fund***

The bond retirement fund had \$608,719 in revenues during fiscal year 2015. The bond retirement fund had \$546,568 in expenditures. During fiscal year 2015, the bond retirement fund's fund balance increased by \$62,151 from a balance of \$1,182,516 to a balance of \$1,244,667.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2015, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$8,218,910 and final budgeted revenues and other financing sources were \$8,582,910. This increase of \$364,000 was primarily due to increases in state funding not originally budgeted. Actual revenues and other financing sources for fiscal year 2015, were \$8,696,268. This represents a \$113,358 increase over final budgeted revenues.

General fund original appropriations and other financing uses totaled \$8,321,949 and final appropriations and other financing uses totaled \$8,685,949. This increase of \$364,000 was due to an increase in budgeted transfers. The actual budget basis expenditures and other financing uses for fiscal year 2015 totaled \$8,434,649, which is lower than the final budget appropriations by \$251,300 due to cost savings in the administration department.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2015, the District had \$23,448,486 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities.

The following table shows June 30, 2015 balances compared to June 30, 2014.

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

	Governmental Activities	
	2015	2014
Land	\$ 421,398	\$ 421,398
Land improvements	122,087	137,828
Building and improvements	22,412,780	22,923,761
Furniture and equipment	259,876	329,809
Vehicles	232,345	191,257
Total	\$ 23,448,486	\$ 24,004,053

The overall decrease in capital assets of \$555,567 is primarily due to depreciation of \$510,981 to buildings and building improvements.

See Note 9 to the basic financial statements for additional information on the District's capital assets.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

***Debt Administration***

The following table summarizes the District's long term debt outstanding at June 30, 2015.

	Governmental Activities	
	2015	2014
Current interest bonds - Series 2007	\$ 7,180,000	\$ 7,180,000
Capital appreciation bonds - Series 2007	84,977	180,991
Accreted interest	140,844	244,760
Loans payable	300,405	329,936
Capital lease obligations	68,834	96,339
Total	\$ 7,775,060	\$ 8,032,026

At June 30, 2015, the District had \$7,775,060 in current interest bonds, capital appreciation bonds, accreted interest, loans payable, and capital lease obligations. The general obligation bond issues are comprised of current issue bonds and capital appreciation bonds. Of this total, \$279,462 is due within one year and \$7,495,598 is due in greater than one year.

See Note 11 to the basic financial statements for additional information on the District's debt administration.

**Current Financial Related Activities**

Overall, the District is financially sound. The challenge for the District is to continue to provide the resources necessary to meet student needs and be able to stay within the five-year forecast. The five year forecast is utilized to effectively and efficiently manage the District's resources to the fullest. In fiscal year 2012, the District's expenses exceeded revenue. Reductions and cuts were made which attributed to an increase in net position for fiscal year 2013. In fiscal year 2014 and 2015 the district has had excess revenue over expenditures. Increased CAUV property values have allowed growth in property tax and the income tax has rebounded after a decrease in fiscal year 2013. The district is currently evaluating the possibility of an increase in state funds for fiscal year 2015 and 2016.

The largest portion of expenditures is salaries and fringe benefits. The Board will continue to negotiate within the five-year forecast. The Board and BCEA have worked together to negotiate health insurance plans that have helped control the escalating cost of health insurance.

A 6.3 mill bond levy was passed in February 2007. The District participated with the Ohio School Facilities Commission on this project with and 80% state share and 20% local share. The total co-funded share was \$21,284,160. A Locally Funded Initiative (LFI) was passed totaling \$3,874,288 making the total project cost \$25,158,448. The project was completed and the new facility opened for the 2009-2010 school year. The project funds have been closed however; the district has been spending interest dollars earned during the project to do various improvements on the property.

It remains a top priority of the Board to use the ever changing data to build a plan that will meet the needs of our students.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Ms. Nancy Ackerman, Buckeye Central Local School District, 938 S. Kibler Street, New Washington, Ohio 44854.

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**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2015

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments. . . . .	\$ 6,378,130
Receivables:	
Property taxes . . . . .	2,802,651
Income taxes. . . . .	644,236
Accounts. . . . .	23,931
Accrued interest . . . . .	879
Intergovernmental . . . . .	87,764
Prepayments . . . . .	14,835
Materials and supplies inventory. . . . .	1,245
Inventory held for resale. . . . .	8,113
Capital assets:	
Non-depreciable capital assets . . . . .	421,398
Depreciable capital assets, net. . . . .	23,027,088
Capital assets, net . . . . .	23,448,486
Total assets. . . . .	33,410,270
 <b>Deferred outflows of resources:</b>	
Pension - STRS . . . . .	513,632
Pension - SERS . . . . .	131,527
Total deferred outflows of resources . . . . .	645,159
 <b>Liabilities:</b>	
Accounts payable. . . . .	28,193
Accrued wages and benefits payable . . . . .	643,810
Intergovernmental payable . . . . .	61,503
Pension obligation payable. . . . .	112,762
Accrued interest payable . . . . .	23,425
Long-term liabilities:	
Due within one year. . . . .	363,667
Due in more than one year:	
Net pension liability . . . . .	8,781,553
Other amounts due in more than one year . . . . .	7,758,120
Total liabilities . . . . .	17,773,033
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year. . . . .	2,062,637
Pension - STRS. . . . .	1,340,089
Pension - SERS. . . . .	249,617
Total deferred inflows of resources . . . . .	3,652,343
 <b>Net Position:</b>	
Net investment in capital assets . . . . .	15,707,924
Restricted for:	
Capital projects . . . . .	730,150
Classroom facilities maintenance . . . . .	477,457
Debt service. . . . .	1,100,616
State funded programs. . . . .	9,955
Federally funded programs . . . . .	50,136
Student activities . . . . .	23,753
Food service operations . . . . .	50,072
Unrestricted (deficit) . . . . .	(5,520,010)
Total net position. . . . .	\$ 12,630,053

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contribution	Revenue and Changes in Net Position
					Governmental Activities
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 4,316,928	\$ 258,017	\$ -	\$ 1,820	\$ (4,057,091)
Special . . . . .	1,090,875	19,737	620,641	-	(450,497)
Vocational . . . . .	165,809	-	37,049	-	(128,760)
Support services:					
Pupil . . . . .	290,327	-	43,431	-	(246,896)
Instructional staff . . . . .	86,153	-	11,360	-	(74,793)
Board of education . . . . .	17,056	-	-	-	(17,056)
Administration . . . . .	782,500	-	-	-	(782,500)
Fiscal . . . . .	334,208	-	140	-	(334,068)
Operations and maintenance . . . . .	834,549	-	5,652	-	(828,897)
Pupil transportation . . . . .	410,647	-	616	-	(410,031)
Central . . . . .	108,216	-	5,400	-	(102,816)
Operation of non-instructional services:					
Other non-instructional services . . . . .	39,977	-	25,993	11,220	(2,764)
Food service operations . . . . .	321,907	124,700	188,306	-	(8,901)
Extracurricular activities . . . . .	418,726	121,624	-	-	(297,102)
Interest and fiscal charges . . . . .	352,332	-	-	-	(352,332)
<b>Total governmental activities . . . . .</b>	<b>\$ 9,570,210</b>	<b>\$ 524,078</b>	<b>\$ 938,588</b>	<b>\$ 13,040</b>	<b>(8,094,504)</b>
<b>General revenues:</b>					
Property taxes levied for:					
General purposes . . . . .					2,091,185
Debt service . . . . .					531,109
Special revenue . . . . .					39,577
School district income tax . . . . .					1,658,916
Grants and entitlements not restricted to specific programs . . . . .					4,209,308
Investment earnings . . . . .					11,132
Miscellaneous . . . . .					36,609
<b>Total general revenues . . . . .</b>					<b>8,577,836</b>
Change in net position . . . . .					483,332
<b>Net position at beginning of year (restated) . . . . .</b>					<b>12,146,721</b>
<b>Net position at end of year . . . . .</b>					<b>\$ 12,630,053</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in pooled cash and investments . . . . .	\$ 3,919,444	\$ 1,119,732	\$ 1,338,954	\$ 6,378,130
<b>Receivables:</b>				
Property taxes . . . . .	2,228,891	530,218	43,542	2,802,651
Income taxes . . . . .	644,236	-	-	644,236
Accounts . . . . .	23,931	-	-	23,931
Accrued interest . . . . .	879	-	-	879
Intergovernmental . . . . .	61,991	-	25,773	87,764
Prepayments . . . . .	14,835	-	-	14,835
Materials and supplies inventory . . . . .	-	-	1,245	1,245
Inventory held for resale . . . . .	-	-	8,113	8,113
Total assets . . . . .	<u>\$ 6,894,207</u>	<u>\$ 1,649,950</u>	<u>\$ 1,417,627</u>	<u>\$ 9,961,784</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 23,847	\$ -	\$ 4,346	\$ 28,193
Accrued wages and benefits payable . . . . .	626,336	-	17,474	643,810
Compensated absences payable . . . . .	55,261	-	-	55,261
Intergovernmental payable . . . . .	60,543	-	960	61,503
Pension obligation payable . . . . .	107,798	-	4,964	112,762
Total liabilities . . . . .	<u>873,785</u>	<u>-</u>	<u>27,744</u>	<u>901,529</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year . . . . .	1,644,871	385,065	32,701	2,062,637
Delinquent property tax revenue not available . . . . .	78,891	20,218	1,542	100,651
Income tax revenue not available . . . . .	108,277	-	-	108,277
Intergovernmental revenue not available . . . . .	61,991	-	-	61,991
Accrued interest not available . . . . .	70	-	-	70
Total deferred inflows of resources . . . . .	<u>1,894,100</u>	<u>405,283</u>	<u>34,243</u>	<u>2,333,626</u>
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Materials and supplies inventory . . . . .	-	-	1,245	1,245
Prepays . . . . .	14,835	-	-	14,835
<b>Restricted:</b>				
Debt service . . . . .	-	1,244,667	-	1,244,667
Capital improvements . . . . .	-	-	730,150	730,150
Classroom facilities maintenance . . . . .	-	-	475,915	475,915
Food service operations . . . . .	-	-	64,501	64,501
Non-public schools . . . . .	-	-	9,955	9,955
Special education . . . . .	-	-	17,182	17,182
Targeted academic assistance . . . . .	-	-	32,954	32,954
Extracurricular . . . . .	-	-	23,753	23,753
<b>Committed:</b>				
Underground storage . . . . .	10,000	-	-	10,000
<b>Assigned:</b>				
Student instruction . . . . .	81,642	-	-	81,642
Student and staff support . . . . .	81,718	-	-	81,718
Public school support . . . . .	11,594	-	-	11,594
Other purposes . . . . .	3,701	-	-	3,701
Unassigned (deficit) . . . . .	3,922,832	-	(15)	3,922,817
Total fund balances . . . . .	<u>4,126,322</u>	<u>1,244,667</u>	<u>1,355,640</u>	<u>6,726,629</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,894,207</u>	<u>\$ 1,649,950</u>	<u>\$ 1,417,627</u>	<u>\$ 9,961,784</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2015

<b>Total governmental fund balances</b>		\$	6,726,629
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			23,448,486
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	100,651	
Income taxes receivable		108,277	
Accrued interest receivable		70	
Intergovernmental receivable		61,991	
Total		61,991	270,989
Unamortized premiums on bonds issued are not recognized in the funds.			(106,346)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(23,425)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds payable		(7,405,821)	
Capital lease obligations		(68,834)	
Compensated absences payable		(185,120)	
Loans payable		(300,405)	
Total		(7,960,180)	(7,960,180)
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.			
Deferred outflows - Pension		645,159	
Deferred Inflows - Pension		(1,589,706)	
Net pension liability		(8,781,553)	
Total		(8,781,553)	(9,726,100)
<b>Net position of governmental activities</b>		\$	12,630,053

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,091,132	\$ 530,951	\$ 39,683	\$ 2,661,766
Income taxes . . . . .	1,657,718	-	-	1,657,718
Tuition . . . . .	255,516	-	-	255,516
Earnings on investments . . . . .	10,909	-	414	11,323
Charges for services . . . . .	-	-	124,700	124,700
Extracurricular . . . . .	30,511	-	91,113	121,624
Classroom materials and fees . . . . .	22,238	-	-	22,238
Contributions and donations . . . . .	1,820	-	11,220	13,040
Other local revenues . . . . .	36,609	-	47	36,656
Intergovernmental - state . . . . .	4,461,188	77,768	40,559	4,579,515
Intergovernmental - federal . . . . .	72,616	-	495,596	568,212
Total revenues . . . . .	<u>8,640,257</u>	<u>608,719</u>	<u>803,332</u>	<u>10,052,308</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	4,071,498	-	10,255	4,081,753
Special . . . . .	870,750	-	244,236	1,114,986
Vocational . . . . .	153,697	-	6,356	160,053
Support services:				
Pupil . . . . .	247,622	-	43,293	290,915
Instructional staff . . . . .	58,202	-	11,071	69,273
Board of education . . . . .	12,476	-	-	12,476
Administration . . . . .	812,793	-	-	812,793
Fiscal . . . . .	302,398	12,545	3,327	318,270
Operations and maintenance . . . . .	527,382	-	42,657	570,039
Pupil transportation . . . . .	496,654	-	584	497,238
Central . . . . .	105,905	-	5,400	111,305
Operation of non-instructional services:				
Other operation of non-instructional . . . . .	495	-	28,197	28,692
Food service operations . . . . .	-	-	315,302	315,302
Extracurricular activities . . . . .	221,137	-	89,830	310,967
Facilities acquisition and construction . . . . .	-	-	177,567	177,567
Debt service:				
Principal retirement . . . . .	57,036	240,000	-	297,036
Interest and fiscal charges . . . . .	23,448	294,023	-	317,471
Total expenditures . . . . .	<u>7,961,493</u>	<u>546,568</u>	<u>978,075</u>	<u>9,486,136</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>678,764</u>	<u>62,151</u>	<u>(174,743)</u>	<u>566,172</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	-	-	300,000	300,000
Transfers (out) . . . . .	(300,000)	-	-	(300,000)
Total other financing sources (uses) . . . . .	<u>(300,000)</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
Net change in fund balances . . . . .	378,764	62,151	125,257	566,172
<b>Fund balances at beginning of year . . . . .</b>	<u>3,747,558</u>	<u>1,182,516</u>	<u>1,230,383</u>	<u>6,160,457</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 4,126,322</u>	<u>\$ 1,244,667</u>	<u>\$ 1,355,640</u>	<u>\$ 6,726,629</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<b>Net change in fund balances - total governmental funds</b>	\$	566,172
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 86,252	
Current year depreciation	(641,819)	
Total		(555,567)
Principal payments on bonds, capital leases and loans are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		297,036
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	104	
Income taxes	1,199	
Earnings on investments	(69)	
Intergovernmental	3,074	
Total		4,308
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Accreted interest on capital appreciation bonds	(40,070)	
Amortization of bond premiums	5,209	
Total		(34,861)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		14,646
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		562,334
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(370,736)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>483,332</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 1,961,869	\$ 2,057,571	\$ 2,075,841	\$ 18,270
Income taxes. . . . .	1,577,800	1,661,094	1,669,460	8,366
Tuition. . . . .	241,487	240,000	255,516	15,516
Earnings on investments . . . . .	10,221	7,400	10,705	3,305
Classroom materials and fees . . . . .	20,414	20,000	21,600	1,600
Contributions and donations . . . . .	1,720	1,800	1,820	20
Other local revenues . . . . .	30,856	30,000	32,649	2,649
Intergovernmental - state . . . . .	4,249,368	4,464,245	4,496,230	31,985
Intergovernmental - federal . . . . .	68,629	65,000	72,616	7,616
Total revenues . . . . .	<u>8,162,364</u>	<u>8,547,110</u>	<u>8,636,437</u>	<u>89,327</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	3,953,390	4,105,110	4,150,631	(45,521)
Special. . . . .	877,196	847,515	888,757	(41,242)
Vocational. . . . .	162,879	166,700	156,710	9,990
Other. . . . .	46,553	46,470	46,470	-
Support services:				
Pupil. . . . .	257,942	284,900	248,378	36,522
Instructional staff . . . . .	69,708	69,600	60,708	8,892
Board of education . . . . .	21,022	21,200	12,466	8,734
Administration. . . . .	1,016,602	947,646	818,814	128,832
Fiscal . . . . .	312,642	314,713	297,270	17,443
Business . . . . .	39,837	39,782	31,016	8,766
Operations and maintenance. . . . .	605,408	618,568	584,956	33,612
Pupil transportation . . . . .	607,879	606,915	541,901	65,014
Central. . . . .	102,187	109,500	105,306	4,194
Other operation of non-instructional services . . . . .	1,501	2,500	525	1,975
Extracurricular activities. . . . .	196,669	204,830	190,741	14,089
Total expenditures . . . . .	<u>8,271,415</u>	<u>8,385,949</u>	<u>8,134,649</u>	<u>251,300</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(109,051)</u>	<u>161,161</u>	<u>501,788</u>	<u>340,627</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	56,546	35,800	59,831	24,031
Transfers (out). . . . .	(50,534)	(300,000)	(300,000)	-
Total other financing sources (uses) . . . . .	<u>6,012</u>	<u>(264,200)</u>	<u>(240,169)</u>	<u>24,031</u>
Net change in fund balance . . . . .	(103,039)	(103,039)	261,619	364,658
<b>Fund balance at beginning of year . . . . .</b>	<b>3,323,460</b>	<b>3,323,460</b>	<b>3,323,460</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>121,949</b>	<b>121,949</b>	<b>121,949</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 3,342,370</u></b>	<b><u>\$ 3,342,370</u></b>	<b><u>\$ 3,707,028</u></b>	<b><u>\$ 364,658</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and investments. . . . .	\$ -	\$ 45,363
Cash in segregated accounts. . . . .	261,471	-
Receivables:		
Accounts . . . . .	-	497
Accrued interest. . . . .	9	-
	261,480	\$ 45,860
<b>Total assets. . . . .</b>	<b>261,480</b>	<b>\$ 45,860</b>
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 6,242
Intergovernmental payable. . . . .	-	1
Due to students. . . . .	-	39,617
	-	39,617
<b>Total liabilities . . . . .</b>	<b>-</b>	<b>\$ 45,860</b>
<b>Net position:</b>		
Held in trust for scholarships . . . . .	261,480	
<b>Total net position. . . . .</b>	<b>\$ 261,480</b>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 643
Total additions. . . . .	643
<b>Deductions:</b>	
Scholarships awarded . . . . .	2,150
Change in net position . . . . .	(1,507)
<b>Net position at beginning of year. . . . .</b>	<b>262,987</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 261,480</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Buckeye Central Local School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and the privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

The District employs 55 certified employees and 37 non-certified employees who provide services to 703 students.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

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

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

*PUBLIC ENTITY RISK POOLS*

Wyandot Crawford Health Benefit Plan

The District is a member of the Wyandot Crawford Health Benefit Plan, which is a consortium established between the District, Galion City Schools, Carey Exempted Village Schools, Colonel Crawford Local Schools, Upper Sandusky Exempted Village Schools, Shelby City Schools and Triway Local Schools to act as a common risk management and insurance program. Refer to Note 12 for further information on this insurance pool.

Ohio School Boards Association Workers' Compensation Group Rating Program (GRP)

The District participates in a group rating plan for workers' compensation as established in Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Program was established as an insurance purchasing pool and is governed by a three-member Board of Directors. The Executive Director of the Ohio School Boards Association, or his/her designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. Refer to Note 12 for further information on this group rating program.

*JOINTLY GOVERNED ORGANIZATIONS*

Northern Ohio Educational Computer Association (NOECA)

The District is a participant in the Northern Ohio Educational Computer Association (NOECA), which is a computer consortium. NOECA is an association of forty-one public school districts and educational service centers formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The NOECA Board of Directors consists of two representatives from each county in which participating school districts are located, the chairman of each of the operating committees and a representative from the fiscal agent. Financial information can be obtained from its fiscal agent, the North Point Educational Service Center, Betty Schwiefert, who serves as Controller, 2900 South Columbus Avenue, Sandusky, Ohio 44870.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District does not have proprietary funds.

*GOVERNMENTAL FUNDS*

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

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

The following are the District's major governmental funds:

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

*Bond retirement fund* - The debt service fund is used to account for the accumulation of resources and payment of general obligation bond and principal and interest from governmental resources when the government is obligated in some manner for payment. It is also used to account for the accumulation or resources and payment of general obligation bonds payable.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

***FIDUCIARY FUNDS***

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

**C. Basis of Presentation and Measurement Focus**

*Government-wide Financial Statements* - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

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

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

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

The private-purpose trust fund is reported using the economic resources measurement focus. The agency fund does not report a measurement focus as it does not report operations.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from income taxes is recognized in the fiscal year in which the underlying exchange transaction occurred (See Note 7).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

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

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

*Deferred Outflows of Resources and Deferred Inflows of Resources* - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources have been reported for the following two items related the District's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the District's contributions to the pension systems subsequent to the measurement date.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The District also reports a deferred inflow of resources for the net difference between projected and actual earnings on pension plan investments related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

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

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except agency funds). The specific timetable for fiscal year 2015 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Crawford County Budget Commission for tax rate determination. The Crawford County Budget Commission waived this requirement for fiscal year 2015.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2015.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present the budgetary statement comparison at the fund and function level of expenditures. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2015.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

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

8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Expenditures may not exceed budgeted appropriations at the legal level of control.

**F. Cash and Investments**

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

During fiscal year 2015, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio) and nonnegotiable certificates of deposits. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2015. 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 shares price which is the price the investment could be sold for on June 30, 2015.

The District also invests in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully-selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance, with no term commitment on deposits.

Under existing Ohio statutes all investment earnings are assigned to the general fund, unless statutorily required to be credited to a specific fund or by Board Resolution. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$10,909, which includes \$4,405 assigned from other District funds.

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

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

**G. Inventory**

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

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

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

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

**H. Capital Assets**

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

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

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

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column on the statement of net position. The District had no interfund loans at June 30, 2015.

**J. Compensated Absences**

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2015, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2015 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

**K. Accrued Liabilities and Long-Term Obligations**

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

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

**L. Fund Balance**

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

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

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

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

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

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

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

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

**M. Net Position**

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

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

**N. Bond Premium**

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. On the governmental fund financial statements, bond premiums are recognized in the current period.

A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 11.A.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

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

**O. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is nonspendable on the fund financial statements by an amount equal to the carrying value of the asset.

**P. Estimates**

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

**Q. Interfund Activity**

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

**R. Parochial School**

Within the District boundaries is St. Bernards, which is operated through the Toledo Catholic Diocese. Current State legislation provides funding to this school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the school. The fiduciary responsibility of the district for these monies is reflected in a nonmajor governmental fund for financial reporting purposes.

**S. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District had neither type of transaction during fiscal year 2015.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles/Restatement of Net Position**

For fiscal year 2015, the District has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27", GASB Statement No. 69 "Government Combinations and Disposals of Government Operations", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68".

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 District's pension plan disclosures, as presented in Note 13 to the financial statements, and added required supplementary information which is presented on pages 64-70.

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

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 nonemployer contributing entities.

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities at July 1, 2014 have been restated as follows:

	Governmental Activities
Net position as previously reported	22,064,420
Deferred outflows - payments subsequent to measurement date	517,945
Net pension liability	(10,435,644)
 Restated net position at July 1, 2014	 12,146,721

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances**

Fund balances at June 30, 2015 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Vocational Education Enhancement	\$ 12
Race to the Top	<u>3</u>
Total	<u>\$ 15</u>

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the District into three categories.

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies 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 may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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 that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio and STAR Plus);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

**A. Cash on Hand**

At fiscal year end, the District had \$150 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments".

**B. Cash in Segregated Accounts**

At June 30, 2015, \$261,471 was on deposit in the District's scholarship account and included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the balance sheet and statement of net position; it is reported on the statement of fiduciary net position as "cash in segregated accounts".

**C. Deposits with Financial Institutions**

At June 30, 2015, the carrying amount of all District deposits, including \$2,271,413 in nonnegotiable certificates of deposit, was \$4,694,160. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, \$2,543,596 of the District's bank balance of \$4,752,036 was exposed to custodial risk as discussed below, while \$2,208,440 was covered by the FDIC.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Custodial credit risk is the risk that, in the event of bank failure, the District’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**D. Investments**

As of June 30, 2015, the District had the following investments:

<u>Investment type</u>	<u>Fair Value</u>	Investment <u>Maturities</u> 6 months or less
STAR Ohio	\$ 1,990,654	\$ 1,990,654

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

*Credit Risk:* Standard & Poor’s has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District’s investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State Statute. The weighted-average of maturity of the portfolio held by STAR Ohio as of June 30, 2015 is 53 days.

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

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2015:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 1,990,654	100.00

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2015:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,694,160
Investments	1,990,654
Cash on hand	<u>150</u>
Total	<u>\$ 6,684,964</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 6,378,130
Private-purpose trust funds	261,471
Agency funds	<u>45,363</u>
Total	<u>\$ 6,684,964</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

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

<u>Transfers to nonmajor governmental funds from:</u>	
General fund	<u>\$ 300,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfers from the general fund to the classroom facilities fund (a nonmajor governmental fund) and the permanent improvement fund (a nonmajor governmental fund) were used to cover expenses during the fiscal year.

Transfers between governmental funds are eliminated on the statement of activities.

All transfers made in fiscal year 2015 were in accordance with Ohio Revised Code Sections 5705.14.

**NOTE 6 - PROPERTY TAXES**

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

**NOTE 6 - PROPERTY TAXES - (Continued)**

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 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. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Public utility real and personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Crawford County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 was \$505,129 in the general fund, \$124,935 in the bond retirement fund and \$9,299 in the classroom facilities fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2014 was \$489,838 in the general fund, \$120,147 in the bond retirement fund and \$9,879 in the classroom facilities fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

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

	2014 Second Half Collections		2015 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 95,516,990	94.60	\$ 106,594,460	95.10
Public utility personal	<u>5,456,650</u>	<u>5.40</u>	<u>5,496,460</u>	<u>4.90</u>
Total	<u>\$ 100,973,640</u>	<u>100.00</u>	<u>\$ 112,090,920</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation				
Current	\$45.00		\$45.00	
Debt	5.50		5.50	
Classroom facilities maintenance	0.50		0.50	

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

**NOTE 7 - SCHOOL DISTRICT INCOME TAX**

The school district income tax (SDIT) is an income tax separate from federal, State, and city income taxes which is earmarked specifically to support school districts. Residents pay the tax through employer withholding, individual quarterly estimates, and annual returns which are remitted to the Ohio Department of Taxation.

Payments are made to the District through the Ohio Department of Taxation. The available money is distributed to the District on a quarterly basis with a summary report for March, June, September, and December. These quarterly reports contain the total gross collections, less refunds and 1.75% for administrative fees, and also includes interest earned. The total available is usually sent to the District within a month of the end of the quarter.

The 1.5% SDIT was passed in November 1989, and collections began January 1, 1990. SDIT revenue received by the general fund during fiscal year 2015 was \$1,657,718.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2015 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the items of receivables reported on the statement of net position follows:

<b>Governmental activities:</b>	
Property taxes	\$ 2,802,651
Income taxes	644,236
Accounts	23,931
Accrued interest	879
Intergovernmental	<u>87,764</u>
Total	<u>\$ 3,559,461</u>

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

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**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	<u>Balance</u> <u>06/30/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/15</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 421,398	\$ -	\$ -	\$ 421,398
Total capital assets, not being depreciated	<u>421,398</u>	<u>-</u>	<u>-</u>	<u>421,398</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	326,253	-	-	326,253
Buildings and improvements	25,263,504	-	-	25,263,504
Furniture and equipment	625,573	-	-	625,573
Vehicles	<u>777,142</u>	<u>86,252</u>	<u>-</u>	<u>863,394</u>
Total capital assets, being depreciated	<u>26,992,472</u>	<u>86,252</u>	<u>-</u>	<u>27,078,724</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(188,425)	(15,741)	-	(204,166)
Buildings and improvements	(2,339,743)	(510,981)	-	(2,850,724)
Furniture and equipment	(295,764)	(69,933)	-	(365,697)
Vehicles	<u>(585,885)</u>	<u>(45,164)</u>	<u>-</u>	<u>(631,049)</u>
Total accumulated depreciation	<u>(3,409,817)</u>	<u>(641,819)</u>	<u>-</u>	<u>(4,051,636)</u>
Governmental activities capital assets, net	<u>\$ 24,004,053</u>	<u>\$ (555,567)</u>	<u>\$ -</u>	<u>\$ 23,448,486</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 331,435
Special	13,108
Vocational	10,770
<u>Support services:</u>	
Pupil	2,622
Instructional staff	17,419
Board of education	4,692
Administration	17,705
Fiscal	562
Operations and maintenance	92,231
Pupil transportation	4,131
Operation of non-instructional	21,851
Extracurricular activities	115,050
Food Service Operations	<u>10,243</u>
Total depreciation expense	<u>\$ 641,819</u>

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

**NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

During the prior fiscal year, the District entered into capitalized leases for copiers, computers and equipment. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as regular function expenditures on the budgetary statements.

Equipment in the amount of \$111,922 has been capitalized as a capital asset. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2015 totaled \$27,505 paid by the general fund. Accumulated depreciation as of June 30, 2015 was \$55,961, leaving a current book value of \$55,961.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2015:

<u>Fiscal Year Ending June 30,</u>	
2016	\$ 27,232
2017	27,232
2018	<u>22,693</u>
Total minimum lease payments	77,157
Less amount representing interest	<u>(8,323)</u>
Total	<u>\$ 68,834</u>

**NOTE 11 - LONG-TERM OBLIGATIONS**

A. During fiscal year 2015, the following activity occurred in the governmental activities long-term obligations. Long-term obligations have been restated in accordance with 3.A.

	Restated			Balance June 30, 2015	Amounts Due in One Year
	Balance June 30, 2014	Additions	Reductions		
General obligation bonds	\$ 7,605,751	\$ 40,070	\$ (240,000)	\$ 7,405,821	\$ 225,821
Capital lease	96,339	-	(27,505)	68,834	22,540
Loan payable	329,936	-	(29,531)	300,405	31,101
Compensated absences	224,674	58,772	(43,065)	240,381	84,205
Net Pension Liability	<u>10,435,644</u>	<u>-</u>	<u>(1,654,091)</u>	<u>8,781,553</u>	<u>-</u>
Total governmental activities	<u>\$ 18,692,344</u>	<u>\$ 98,842</u>	<u>\$ (1,994,192)</u>	16,796,994	<u>\$ 363,667</u>
Add: Unamortized premium on bonds				<u>106,346</u>	
Total on statement of net position				<u>\$ 16,903,340</u>	

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

Compensated Absences: Compensated absences will be paid from the fund from which the employee's salaries are paid which, for the District, are primarily the general fund and food service fund (a nonmajor governmental fund).

Capital Lease Obligation: See Note 10 for detail on the capital lease obligation.

Net Pension Liability: See Note 13 for details

- B. General Obligation Bonds - Series 2007:** On May 30, 2007, the District issued general obligation bonds to finance building construction and improvements in accordance with the terms of a facilities grant from the Ohio Schools Facilities Commission (OSFC). The total project (hereafter "Construction Project") encompasses the construction of one new facility to house K-12 and to demolish Buckeye East Elementary, Buckeye North Elementary, Buckeye West Elementary and Buckeye Central High School. This issue is comprised of both current interest bonds, par value \$8,260,000, and capital appreciation bonds, par value \$180,991. The interest rates on the current interest bonds range from 4.00% to 4.25%. The remaining capital appreciation bonds mature on December 1, 2015 (stated interest 12.59%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$240,000. Total accreted interest of \$140,844 has been included in the statement of net position at June 30, 2015

These bonds represent the amount of the Construction Project that the District itself was required to finance, in accordance with the terms of the facilities grant from OSFC. The total cost of the construction project was \$21,284,160, of which OSFC paid \$16,924,895.

In conjunction with the 5.8 mils which support the bond issue, the District also passed in fiscal year 2007 a .5 mil levy to ultimately fund the maintenance costs of the new facilities.

These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the statement of net position. Payments of principal and interest relating to this bond are recorded as an expenditure in the debt service fund.

Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2035.

The following is a schedule of activity for fiscal year 2015 on the 2007 series bonds:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Current interest bonds -				
2007 Series	\$ 7,180,000	\$ -	\$ -	\$ 7,180,000
Capital appreciation bonds -				
2007 Series	180,991	-	(96,014)	84,977
Capital appreciation bonds -				
Accreted Interest	<u>244,760</u>	<u>40,070</u>	<u>(143,986)</u>	<u>140,844</u>
Total	<u>\$ 7,605,751</u>	<u>\$ 40,070</u>	<u>\$ (240,000)</u>	<u>\$ 7,405,821</u>

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a summary of the future debt service requirements to maturity for the 2007 series bonds:

Fiscal Year Ending June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ -	\$ 294,023	\$ 294,023	\$ 84,977	\$ 155,023	\$ 240,000
2017	240,000	289,223	529,223	-	-	-
2018	250,000	279,423	529,423	-	-	-
2019	260,000	269,223	529,223	-	-	-
2020	270,000	258,623	528,623	-	-	-
2021 - 2025	1,520,000	1,119,315	2,639,315	-	-	-
2026 - 2030	1,850,000	782,865	2,632,865	-	-	-
2031 - 2035	2,275,000	358,659	2,633,659	-	-	-
2036	515,000	10,944	525,944	-	-	-
Total	<u>\$ 7,180,000</u>	<u>\$ 3,662,298</u>	<u>\$ 10,842,298</u>	<u>\$ 84,977</u>	<u>\$ 155,023</u>	<u>\$ 240,000</u>

- C. Loans Payable: On July 11, 2002, the Board of Education passed a resolution to approve an agreement to assume operations of Bloomville Elementary School from the Tiffin City School District. The affected territory is contiguous with the existing District boundaries. In September 2002, the Ohio Department of Education approved the District's application for approval of this transaction.

The agreement provided that the Tiffin City School District would transfer ownership of all Bloomville elementary real and personal property to the District, and the District will pay the pro rata share of Tiffin City School District's general obligation debt, which amounts to \$23,235 semi-annually including interest.

The remaining balance of the debt, including interest, at June 30, 2015, is \$371,762 and matures in 2023. The District receives tax revenue related to the new boundaries. The District demolished the building related to the transfer of assets in fiscal year 2010 and sold the land in fiscal year 2011. The assets were taken off the capital asset activities in the appropriate years. The activity related to this transaction has been reclassified and is reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements in the general fund.

The following is a summary of the future debt service requirements for the loan payable to Tiffin City School District:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 31,101	\$ 15,369	\$ 46,470
2017	32,756	13,714	46,470
2018	34,499	11,971	46,470
2019	36,333	10,137	46,470
2020	38,266	8,204	46,470
2021 - 2023	127,450	11,962	139,412
Total	<u>\$ 300,405</u>	<u>\$ 71,357</u>	<u>\$ 371,762</u>

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**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

**D. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2015, are a voted debt margin of \$4,067,873 (including available funds of \$1,244,667) and an unvoted debt margin of \$112,091.

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

The District is subject to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters.

The District maintains property insurance with Dawson Companies for real property and building contents. Real property and contents are insured for \$35,280,392. General liability is protected by KMU, with a \$2,000,000 annual aggregate/\$1,000,000 single occurrence limit and \$6,000,000 excess liability coverage. The bus fleet is also covered by Dawson Companies.

Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years. There was no significant reduction in coverage from the prior year.

**B. Employee Health Insurance**

The District has joined together with Carey Exempted Village Schools, Colonel Crawford Local Schools, Galion City School District, Shelby City School District, and Upper Sandusky Exempted Village Schools to form the Wyandot Crawford Health Benefit Plan (WCHBP), a public entity shared risk pool, operating as a common risk management and insurance program for the member Districts. The plan was organized to provide benefit coverage for employees, dependents and designated beneficiaries of such employees. The Huntington National Bank serves as trustee for the Wyandot-Crawford Health Benefit Plan. The District pays an annual premium to the pool for its general insurance coverage. The risk of loss transfers entirely from the District to WCHBP. The Agreement for formation of the WCHBP provides that the WCHBP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$150,000 for each insured event.

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**NOTE 12 - RISK MANAGEMENT - (Continued)**

**C. Workers' Compensation**

The District participates in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (see Note 2.A.). The GRP'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/her designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants. The workers' compensation experience of the participating school districts is calculated as one and a common premium rate is applied to participants. Participation in the GRP is limited to school districts that can meet the selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

*Net Pension Liability*

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *pension obligation payable* on both the accrual and modified accrual bases of accounting.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the 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 District’s contractually required contribution to SERS was \$118,437 for fiscal year 2015. Of this amount \$12,012 is reported as pension obligation payable.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Plan Description –District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](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 years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years 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.

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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. 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 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 District’s contractually required contribution to STRS was \$443,897 for fiscal year 2015. Of this amount, \$74,596 is reported as pension obligation payable.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$ 1,537,970	\$ 7,243,583	\$ 8,781,553
Proportion of the Net Pension Liability	0.03038900%	0.02978023%	
Pension Expense	\$ 89,753	\$ 280,983	\$ 370,736

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 13,090	\$ 69,735	\$ 82,825
School District contributions subsequent to the measurement date	118,437	443,897	562,334
Total Deferred Outflows of Resources	\$ 131,527	\$ 513,632	\$ 645,159
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$ 249,617	\$ 1,340,089	\$ 1,589,706
Total Deferred Inflows of Resources	\$ 249,617	\$ 1,340,089	\$ 1,589,706

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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

\$562,334 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2016	\$ (59,131)	\$ (317,589)	\$ (376,720)
2017	(59,131)	\$ (317,589)	(376,720)
2018	(59,131)	\$ (317,589)	(376,720)
2019	<u>(59,134)</u>	<u>\$ (317,587)</u>	<u>(376,721)</u>
Total	<u>\$ (236,527)</u>	<u>\$ (1,270,354)</u>	<u>\$ (1,506,881)</u>

***Actuarial Assumptions - SERS***

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

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

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

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

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3.00 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 2,194,226	\$ 1,537,970	\$ 986,002

**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 before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

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

Actuarial assumptions used in the June 30, 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:

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 10,369,978	\$ 7,243,583	\$ 4,599,704

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

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 District's surcharge obligation was \$15,885.

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$20,543, \$14,691, and \$15,859, respectively. For fiscal year 2015, 90.93 percent has been contributed, with the balance being reported as pension obligation payable/intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

**B. State Teachers Retirement System**

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board 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 District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$31,236, and \$31,242 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 261,619
Net adjustment for revenue accruals	(26,691)
Net adjustment for expenditure accruals	14,261
Net adjustment for other sources/uses	(59,831)
Funds budgeted elsewhere	2,285
Adjustment for encumbrances	187,121
GAAP basis	<u>\$ 378,764</u>

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

**NOTE 16 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

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

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

**NOTE 16 - CONTINGENCIES - (Continued)**

**C. Foundation Funding**

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

**NOTE 17 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2014	\$ -
Current year set-aside requirement	125,824
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	(158,012)
Excess qualified expenditures from prior years	-
Current year offsets	(40,263)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (72,451)</u>
Balance carried forward to fiscal year 2016	<u>\$ -</u>
Set-aside balance June 30, 2015	<u>\$ -</u>

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

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

**NOTE 18 - OTHER COMMITMENTS**

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

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 163,360
Nonmajor governmental funds	<u>176,265</u>
Total	<u>\$ 339,625</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

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

	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.03038900%	0.03038900%
District's proportionate share of the net pension liability	\$ 1,537,970	\$ 1,807,136
District's covered-employee payroll	\$ 883,059	\$ 901,438
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.16%	200.47%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable. The amounts presented for each fiscal year were determined as of the measurement date.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

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

	<b>2014</b>	<b>2013</b>
District's proportion of the net pension liability	0.02978023%	0.02978023%
District's proportionate share of the net pension liability	\$ 7,243,583	\$ 8,628,508
District's covered-employee payroll	\$ 3,042,715	\$ 3,124,215
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.06%	276.18%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable. The amounts presented for each fiscal year were determined as of the measurement date.

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 118,437	\$ 122,392	\$ 124,759	\$ 128,635
Contributions in relation to the contractually required contribution	<u>(118,437)</u>	<u>(122,392)</u>	<u>(124,759)</u>	<u>(128,635)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 898,612	\$ 883,059	\$ 901,438	\$ 956,394
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%

Note: Information prior to 2008 is not available.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 121,345	\$ 126,150	\$ 94,063	\$ 90,764
<u>(121,345)</u>	<u>(126,150)</u>	<u>(94,063)</u>	<u>(90,764)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 965,354	\$ 931,684	\$ 955,925	\$ 924,277
12.57%	13.54%	9.84%	9.82%

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 443,897	\$ 395,553	\$ 406,148	\$ 423,782
Contributions in relation to the contractually required contribution	<u>(443,897)</u>	<u>(395,553)</u>	<u>(406,148)</u>	<u>(423,782)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,170,693	\$ 3,042,715	\$ 3,124,215	\$ 3,259,862
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 428,826	\$ 417,369	\$ 413,099	\$ 412,409	\$ 406,770	\$ 394,376
<u>(428,826)</u>	<u>(417,369)</u>	<u>(413,099)</u>	<u>(412,409)</u>	<u>(406,770)</u>	<u>(394,376)</u>
<u>\$ -</u>					
\$ 3,298,662	\$ 3,210,531	\$ 3,177,685	\$ 3,172,377	\$ 3,129,000	\$ 3,033,662
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY, OHIO**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financials for the methods and assumptions in this calculation.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financials for the methods and assumptions in this calculation.

November 19, 2015

To the Board of Education  
Buckeye Central Local School District  
Crawford County, Ohio  
938 S. Kibler Street  
New Washington, OH 44854

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Central Local School District, Crawford County, Ohio (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 19, 2015, in which we noted the District restated net position to account for the implementation of GASB Statement No. 68 and GASB Statement No. 71.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rea & Associates, Inc.*

Wooster, Ohio



# Dave Yost • Auditor of State

**BUCKEYE CENTRAL LOCAL SCHOOL DISTRICT**

**CRAWFORD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 26, 2016**