

**NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS  
(AUDITED)**

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014***

**DEB MEYER, TREASURER**





# Dave Yost • Auditor of State

Board of Education  
New Bremen Local School District  
901 East Monroe Street  
New Bremen, Ohio 45869

We have reviewed the *Independent Auditor's Report* of the New Bremen Local School District, Auglaize County, prepared by Julian & Grube, Inc., for the audit period July 1, 2013 through June 30, 2014. 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 New Bremen Local School District is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

December 1, 2014

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**NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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# Julian & Grube, Inc.

*Serving Ohio Local Governments*

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## Independent Auditor's Report

New Bremen Local School District  
Auglaize County  
901 East Monroe Street  
New Bremen, Ohio 45869

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New Bremen Local School District, Auglaize County, Ohio, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the New Bremen Local School District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

Board of Education  
Independent Auditor's Report

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the New Bremen Local School District, Auglaize County, Ohio, as of June 30, 2014, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

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

***Other Matters***

***Supplemental and Other Information***

We audited to opine on the New Bremen Local School District's financial statements that collectively comprise its basic financial statements.

*Management's Discussion & Analysis* includes tables of net position, change in net position and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

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

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2014, on our consideration of the New Bremen Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the New Bremen Local School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
October 28, 2014

**New Bremen Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited

The discussion and analysis of New Bremen Local School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2014, within the limitations of cash basis accounting. The intent of this discussion and analysis is to look at the School District's financial performance as a whole.

**USING THIS ANNUAL REPORT**

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

The School District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and the related assets and liabilities. Under the School District's cash basis of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions.

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

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

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds, with all other nonmajor funds presented in total in a single column. For New Bremen Local School District, the General Fund and the Bond Retirement debt service fund are the most significant funds.

**REPORTING THE SCHOOL DISTRICT AS A WHOLE**

The statement of net position and the statement of activities reflect how the School District did financially during fiscal year 2014, within the limitations of cash basis accounting. The statement of net position presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares cash disbursements with program receipts for each function or program of the School District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.



**New Bremen Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited

These statements report the School District's cash position and the changes in cash position. Factors which contribute to these changes may include the School District's property tax base, current property tax laws in Ohio restricted revenue growth, facility conditions, required educational programs, and other factors.

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

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

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Bond Retirement debt service fund.

Governmental Funds - All of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using cash basis accounting. The governmental fund financial statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

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

**THE SCHOOL DISTRICT AS A WHOLE**

Table 1 provides a summary of the School District's net position for fiscal year 2014 and fiscal year 2013:

Table 1 Governmental Activities Net Position			
	2014	2013	Change
<u>Assets:</u>			
Cash and Cash Equivalents	\$7,147,256	\$7,472,514	(\$325,258)
<u>Net Position:</u>			
Restricted	\$1,515,396	\$1,557,056	(\$41,660)
Unrestricted	5,631,860	5,915,458	(283,598)
Total Net Position	\$7,147,256	\$7,472,514	(\$325,258)

**New Bremen Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited

Total net position decreased \$325,258, or 4 percent. Unrestricted net position decreased by 5 percent from disbursements greater than receipts. The School District experienced a decrease in receipts, mainly due to a decrease in school district income tax receipts. The School District also experienced a decrease in disbursements from lower salaries associated with ten retirements or resignations and replacing those positions with lower paid individuals.

Table 2 reflects the change in net position for fiscal year 2014 and fiscal year 2013.

Table 2  
Governmental Activities  
Change in Net Position

	2014	2013	Change
<u>Receipts:</u>			
Program Receipts			
Charges for Services	\$789,929	\$811,189	(\$21,260)
Operating Grants, Contributions, and Interest	816,444	810,190	6,254
Total Program Receipts	<u>1,606,373</u>	<u>1,621,379</u>	<u>(15,006)</u>
General Receipts			
Property Taxes Levied for General Purposes	2,056,341	2,010,976	45,365
Property Taxes Levied for Debt Service	630,452	654,068	(23,616)
Property Taxes Levied for Permanent Improvements	73,866	72,574	1,292
Income Taxes	1,451,783	1,655,458	(203,675)
Payment in Lieu of Taxes	30,952	30,952	0
Grants and Entitlements	3,958,259	3,912,570	45,689
Interest	63,086	64,902	(1,816)
Miscellaneous	67,710	67,158	552
Total General Receipts	<u>8,332,449</u>	<u>8,468,658</u>	<u>(136,209)</u>
Total Receipts	<u>9,938,822</u>	<u>10,090,037</u>	<u>(151,215)</u>
<u>Disbursements:</u>			
Instruction:			
Regular	4,575,144	4,660,273	85,129
Special	731,143	469,436	(261,707)
Vocational	127,521	148,281	20,760
Support Services:			
Pupils	574,460	585,581	11,121
Instructional Staff	313,513	634,628	321,115
Board of Education	50,849	47,452	(3,397)
Administration	739,964	751,713	11,749
Fiscal	192,128	202,000	9,872
Operation and Maintenance of Plant	1,067,130	1,062,389	(4,741)
Pupil Transportation	167,368	195,922	28,554
Central	83,531	70,661	(12,870)

(continued)

**New Bremen Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2014**  
**Unaudited**

Table 2  
**Governmental Activities**  
**Change in Net Position**  
(continued)

	2014	2013	Change
<u>Disbursements:</u> (continued)			
Noninstructional Services	\$305,020	\$313,879	\$8,859
Extracurricular Activities	414,840	420,181	5,341
Capital Outlay	112,056	0	(112,056)
Debt Service:			
Principal Retirement	143,015	165,926	22,911
Interest and Fiscal Charges	114,413	117,688	3,275
Capital Appreciation Bond Accretion	551,985	529,074	(22,911)
Total Disbursements	<u>10,264,080</u>	<u>10,375,084</u>	<u>111,004</u>
Decrease in Net Position	(325,258)	(285,047)	(40,211)
Net Position at Beginning of Year	<u>7,472,514</u>	<u>7,757,561</u>	<u>(285,047)</u>
Net Position at End of Year	<u>\$7,147,256</u>	<u>\$7,472,514</u>	<u>(\$325,258)</u>

Program receipts did not change significantly.

General receipts represent 84 percent of the School District's total receipts which is comparable to the prior fiscal year. Income tax receipts decreased by 12 percent due to economic conditions not yet returning to pre-recession levels.

The instruction program disbursements accounted for 53 percent of all disbursements. Other programs which support the instruction process including pupils, instructional staff, and pupil transportation account for approximately 10 percent of governmental disbursements. Maintenance of the School District's facilities represents an additional 10 percent of program costs. These are all comparable to fiscal year 2013.

Special instruction, central, and capital outlay disbursements had significant increases. Special instruction costs increased from reclassifying instructional staff personnel to the special instruction program; there was a corresponding decrease in costs in the instructional staff program. There was also a reclassification of costs associated with postage, election expenses, and county board deductions from the central to the administration program. Capital outlay costs increased from the costs of swapping work space between the high school office and the conference room.

**New Bremen Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2014**  
**Unaudited**

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax receipts and unrestricted state entitlements.

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Instruction:				
Regular	\$4,575,144	\$4,660,273	\$4,030,180	\$4,083,981
Special	731,143	469,436	199,359	(1,738)
Vocational	127,521	148,281	87,299	88,669
Support Services:				
Pupils	574,460	585,581	574,460	585,081
Instructional Staff	313,513	634,628	313,513	634,628
Board of Education	50,849	47,452	50,849	47,452
Administration	739,964	751,713	739,964	751,713
Fiscal	192,128	202,000	192,128	202,000
Operation and Maintenance of Plant	1,067,130	1,062,389	1,067,130	1,062,389
Pupil Transportation	167,368	195,922	147,409	172,716
Central	83,531	70,661	81,531	67,861
Noninstructional Services	305,020	313,879	24,078	23,792
Extracurricular Activities	414,840	420,181	228,338	222,473
Capital Outlay	112,056	0	112,056	0
Debt Service:				
Principal Retirement	143,015	165,926	143,015	165,926
Interest and Fiscal Charges	114,413	117,688	114,413	117,688
Capital Appreciation Bond Accretion	551,985	529,074	551,985	529,074
Total Disbursements	<u>\$10,264,080</u>	<u>\$10,375,084</u>	<u>\$8,657,707</u>	<u>\$8,753,705</u>

Approximately 16 percent of the costs of services was financed through user charges and grants awarded for specific programs in fiscal year 2014, which is comparable to the prior fiscal year. The remaining 84 percent of total cost of services was financed through property taxes, income taxes, and unrestricted grants and entitlements.

Special instruction and vocational instruction activities were significantly funded through tuition, fees, and operating grants. The noninstructional services program costs were almost fully funded through user charges from cafeteria sales and state and federal subsidies. Other material program receipts were received for extracurricular activities programs (consisting of sport-related and trip charges that are received to finance these activities).

**New Bremen Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited

**THE SCHOOL DISTRICT'S FUNDS**

The School District's governmental funds are accounted for using the cash basis of accounting. The School District's major governmental funds are the General Fund and the Bond Retirement debt service fund. The General Fund saw a decrease in fund balance. Receipts and disbursements decreased slightly. However, disbursements continued to be greater than receipts.

The Bond Retirement debt service fund had a decrease in fund balance from the transfer to other governmental funds of the remaining cash balance relating to the retirement of the 1991 general obligation bonds.

**GENERAL FUND BUDGETING HIGHLIGHTS**

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

During fiscal year 2014, the School District amended its General Fund budget as needed. Changes from both the original budget to the final budget and from the final budget to actual receipts were not significant. The same can be said for disbursements.

**DEBT ADMINISTRATION**

At June 30, 2014, the School District's outstanding debt consisted of general obligation bonds, in the amount of \$2,524,055, issued for improvements to buildings. For further information regarding the School District's long-term obligations, refer to Note 16 to the basic financial statements.

**CURRENT ISSUES**

The voters in May 2014 renewed the 1 percent income tax as a continuing levy.

General Fund receipts are expected to remain stable. The School District does not anticipate a change in income tax receipts. Open enrollment receipts are expected to decrease slightly. Based on the five-year forecast, real estate tax receipts are expected to increase slightly due to new construction and the School District being at the twenty mill floor. School foundation receipts will remain the same.

General Fund appropriations are expected to decrease approximately 4 percent in fiscal year 2015. Base salaries will increase by 2 percent and step increases for experienced staff by 1.4 percent. However, these increases are offset by thirteen retirements or resignations and hiring new personnel at lower salaries and fringe benefits. The School District expects a small increase in health insurance costs in January 2015. However, the insurance plan design is changing to a lower cost plan, so savings will be generated from this change that will offset the increase. Appropriations for purchased services and supplies and materials will increase slightly. The School District has budgeted for the purchase of a bus in fiscal year 2015, at a cost of \$95,000.

The School District will be on the May 2015 ballot for the renewal of a 1 mill permanent improvement levy.

**New Bremen Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited

Negotiations with the local teachers union were successful with a new three contract ending June 30, 2017. The agreement includes a 2 percent salary increase in each of the three years of the contract. Effective January 1, 2015, the PPO insurance plan will no longer be available. Insurance options will include a HSA plan with a 10 percent employee paid premium and an Alternate PPO with a 5 percent employee paid premium. Effective January 1, 2017, the employee share of the premium for the Alternate PPO will increase to 10 percent.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the School District's finances for all those interested in our School District's financial well being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Debra A. Meyer, Treasurer, 901 East Monroe Street, New Bremen, Ohio 45869.

**New Bremen Local School District**  
Statement of Net Position - Cash Basis  
June 30, 2014

	<u>Governmental Activities</u>
<b><u>Assets</u></b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$7,147,256</u>
<b><u>Net Position</u></b>	
Restricted for:	
Debt Service	904,745
Capital Projects	332,232
Other Purposes	278,419
Unrestricted	<u>5,631,860</u>
Total Net Position	<u><u>\$7,147,256</u></u>

See accompanying notes to the basic financial statements

**New Bremen Local School District**  
Statement of Activities - Cash Basis  
For the Fiscal Year Ended June 30, 2014

	Program Cash Receipts			Net (Disbursement) Receipt and Change in Net Assets
	Disbursements	Charges for Services	Operating Grants, Contributions, and Interest	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$4,575,144	\$316,491	\$228,473	(\$4,030,180)
Special	731,143	44,781	487,003	(199,359)
Vocational	127,521	0	40,222	(87,299)
Support Services:				
Pupils	574,460	0	0	(574,460)
Instructional Staff	313,513	0	0	(313,513)
Board of Education	50,849	0	0	(50,849)
Administration	739,964	0	0	(739,964)
Fiscal	192,128	0	0	(192,128)
Operation and Maintenance of Plant	1,067,130	0	0	(1,067,130)
Pupil Transportation	167,368	13,341	6,618	(147,409)
Central	83,531	2,000	0	(81,531)
Noninstructional Services	305,020	227,139	53,803	(24,078)
Extracurricular Activities	414,840	186,177	325	(228,338)
Capital Outlay	112,056	0	0	(112,056)
Debt Service:				
Principal Retirement	143,015	0	0	(143,015)
Interest and Fiscal Charges	114,413	0	0	(114,413)
Capital Appreciation Bond Accretion	551,985	0	0	(551,985)
<b>Total Governmental Activities</b>	<b>\$10,264,080</b>	<b>\$789,929</b>	<b>\$816,444</b>	<b>(8,657,707)</b>
<b>General Receipts</b>				
Property Taxes Levied for:				
General Purposes				2,056,341
Debt Service				630,452
Permanent Improvements				73,866
Income Taxes				1,451,783
Payment in Lieu of Taxes				30,952
Grants and Entitlements not Restricted to Specific Programs				3,958,259
Interest				63,086
Miscellaneous				67,710
<b>Total General Receipts</b>				<b>8,332,449</b>
Change in Net Position				(325,258)
Net Position at Beginning of Year				7,472,514
Net Position at End of Year				<b>\$7,147,256</b>

See accompanying notes to the basic financial statements



**New Bremen Local School District**  
Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
June 30, 2014

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental</u>	<u>Total</u>
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$5,631,860</u>	<u>\$904,745</u>	<u>\$610,651</u>	<u>\$7,147,256</u>
<b><u>Fund Balances</u></b>				
Restricted	0	904,745	610,651	1,515,396
Assigned	329,236	0	0	329,236
Unassigned	<u>5,302,624</u>	<u>0</u>	<u>0</u>	<u>5,302,624</u>
Total Fund Balances	<u>\$5,631,860</u>	<u>\$904,745</u>	<u>\$610,651</u>	<u>\$7,147,256</u>

See accompanying notes to the basic financial statements

**New Bremen Local School District**  
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2014

	General	Bond Retirement	Other Governmental	Total
<b><u>Receipts</u></b>				
Property Taxes	\$2,056,341	\$630,452	\$73,866	\$2,760,659
Income Taxes	1,451,783	0	0	1,451,783
Payment in Lieu of Taxes	30,952	0	0	30,952
Intergovernmental	4,045,593	198,169	378,929	4,622,691
Interest	62,250	0	1,252	63,502
Tuition and Fees	374,613	0	0	374,613
Charges for Services	2,000	0	227,914	229,914
Extracurricular Activities	0	0	185,402	185,402
Gifts and Donations	35,928	0	115,668	151,596
Miscellaneous	63,258	0	4,452	67,710
<b>Total Receipts</b>	<b>8,122,718</b>	<b>828,621</b>	<b>987,483</b>	<b>9,938,822</b>
<b><u>Disbursements</u></b>				
Current:				
Instruction:				
Regular	4,411,717	0	163,427	4,575,144
Special	509,063	0	222,080	731,143
Vocational	127,521	0	0	127,521
Support Services:				
Pupils	574,460	0	0	574,460
Instructional Staff	313,513	0	0	313,513
Board of Education	50,849	0	0	50,849
Administration	739,964	0	0	739,964
Fiscal	179,062	11,561	1,505	192,128
Operation and Maintenance of Plant	988,996	0	78,134	1,067,130
Pupil Transportation	167,241	0	127	167,368
Central	83,531	0	0	83,531
Noninstructional Services	0	0	305,020	305,020
Extracurricular Activities	238,462	0	176,378	414,840
Capital Outlay	0	0	112,056	112,056
Debt Service:				
Principal Retirement	0	143,015	0	143,015
Interest and Fiscal Charges	0	114,413	0	114,413
Capital Appreciation Bond Accretion	0	551,985	0	551,985
<b>Total Disbursements</b>	<b>8,384,379</b>	<b>820,974</b>	<b>1,058,727</b>	<b>10,264,080</b>
Excess of Receipts Over (Under) Disbursements	(261,661)	7,647	(71,244)	(325,258)
<b><u>Other Financing Sources (Uses)</u></b>				
Advances In	0	0	1,937	1,937
Advances Out	(1,937)	0	0	(1,937)
Transfers In	0	0	208,019	208,019
Transfers Out	(20,000)	(188,019)	0	(208,019)
<b>Total Other Financing Sources (Uses)</b>	<b>(21,937)</b>	<b>(188,019)</b>	<b>209,956</b>	<b>0</b>
Changes in Fund Balances	(283,598)	(180,372)	138,712	(325,258)
Fund Balances at Beginning of Year	5,915,458	1,085,117	471,939	7,472,514
Fund Balances at End of Year	<u>\$5,631,860</u>	<u>\$904,745</u>	<u>\$610,651</u>	<u>\$7,147,256</u>

See accompanying notes to the basic financial statements

**New Bremen Local School District**  
Statement of Receipts, Disbursements, and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b><u>Receipts</u></b>				
Property Taxes	\$2,051,634	\$1,967,634	\$2,056,341	\$88,707
Income Taxes	1,707,076	1,707,076	1,451,783	(255,293)
Payment in Lieu of Taxes	30,952	30,952	30,952	0
Intergovernmental	3,981,183	3,981,183	4,045,593	64,410
Interest	71,000	71,000	62,250	(8,750)
Tuition and Fees	381,404	381,404	374,613	(6,791)
Charges for Services	0	0	2,000	2,000
Gifts and Donations	0	0	35,928	35,928
Miscellaneous	60,054	60,054	63,258	3,204
<b>Total Receipts</b>	<b>8,283,303</b>	<b>8,199,303</b>	<b>8,122,718</b>	<b>(76,585)</b>
<b><u>Disbursements</u></b>				
Current:				
Instruction:				
Regular	4,618,574	4,510,299	4,383,359	126,940
Special	536,700	548,436	509,063	39,373
Vocational	165,400	145,802	127,521	18,281
Other	6,000	23,200	20,505	2,695
Support Services:				
Pupils	572,610	604,310	574,460	29,850
Instructional Staff	312,205	323,805	313,513	10,292
Board of Education	56,325	56,559	53,529	3,030
Administration	752,300	754,200	739,964	14,236
Fiscal	183,150	179,579	179,062	517
Operation and Maintenance of Plant	962,150	1,031,450	999,749	31,701
Pupil Transportation	178,050	176,040	167,241	8,799
Central	96,775	95,522	83,531	11,991
Extracurricular Activities	226,800	227,901	217,752	10,149
Uniform School Supplies				
Regular	55,000	55,000	35,752	19,248
Public School Support				
Extracurricular Activities	26,290	26,290	20,710	5,580
<b>Total Disbursements</b>	<b>8,748,329</b>	<b>8,758,393</b>	<b>8,425,711</b>	<b>332,682</b>
Excess of Receipts				
Under Disbursements	(465,026)	(559,090)	(302,993)	256,097
<b><u>Other Financing Uses</u></b>				
Other Financing Uses	(8,000)	(1,063)	0	1,063
Advances Out	0	(1,937)	(1,937)	0
Transfers Out	(15,000)	(20,000)	(20,000)	0
<b>Total Other Financing Uses</b>	<b>(23,000)</b>	<b>(23,000)</b>	<b>(21,937)</b>	<b>1,063</b>
Changes in Fund Balance	(488,026)	(582,090)	(324,930)	257,160
Fund Balance at Beginning of Year	5,905,395	5,905,395	5,905,395	0
Prior Year Encumbrances Appropriated	10,063	10,063	10,063	0
<b>Fund Balance at End of Year</b>	<b>\$5,427,432</b>	<b>\$5,333,368</b>	<b>\$5,590,528</b>	<b>\$257,160</b>

See accompanying notes to the basic financial statement:

**New Bremen Local School District**  
Statement of Cash Basis Fiduciary Net Position  
Fiduciary Funds  
June 30, 2014

	<u>Private Purpose Trust</u>	<u>Agency</u>
<b><u>Assets</u></b>		
Equity in Pooled Cash and Cash Equivalents	<u>\$10,043</u>	<u>\$28,241</u>
<b><u>Net Position</u></b>		
Endowments	\$10,000	\$0
Held for Students	0	26,432
Held for Staff	0	1,809
Held in Trust for Scholarships	<u>43</u>	<u>0</u>
Total Net Position	<u>\$10,043</u>	<u>\$28,241</u>

See accompanying notes to the basic financial statements

**New Bremen Local School District**  
Statement of Change in Cash Basis Fiduciary Net Position  
Private Purpose Trust Fund  
For the Fiscal Year Ended June 30, 2014

**Additions**

Interest	\$75
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**Deductions**

Noninstructional Services	<u>75</u>
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Change in Net Position	0
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Net Position at Beginning of Year	<u>10,043</u>
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Net Position at End of Year	<u><u>\$10,043</u></u>
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See accompanying notes to the basic financial statements

New Bremen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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**Note 1 - Description of the School District and Reporting Entity**

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

The School District serves an area of approximately thirty-six square miles. It is located in Auglaize, Mercer, and Shelby Counties. The School District is the 523rd largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by thirty-six classified employees, fifty-seven certified teaching personnel, and six administrative employees who provide services to 837 students and other community members. The School District currently operates two instructional buildings.

**Reporting Entity**

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For New Bremen Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the School District. There are no component units of the New Bremen Local School District.

The School District participates in two jointly governed organizations and three insurance pools. These organizations are the Western Ohio Computer Organization, Auglaize County Educational Academy, Ohio School Plan, Mercer-Auglaize Area Schools Employee Welfare Benefit Trust, and the Cincinnati Regional Chamber of Commerce Workers' Compensation Group Rating Plan. These organizations are presented in Notes 21 and 22 to the basic financial statements.

**Note 2 - Summary of Significant Accounting Policies**

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

New Bremen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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**A. Basis of Presentation**

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Fund Financial Statements

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

**B. Fund Accounting**

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

Governmental Funds

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The School District's major funds are the General Fund and the Bond Retirement debt service fund.

New Bremen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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

Bond Retirement Fund - The Bond Retirement debt service fund is used to account for property taxes and related resources restricted for the payment of principal, interest, and related costs of the general obligation bonds.

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

#### Fiduciary Funds

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District's private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for staff generated revenues for noninstructional activities and for various student-managed activities.

#### **C. Basis of Accounting**

The School District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

#### **D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the summary of levy funds, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The summary of levy funds provides the County Budget Commission information on the estimated receipts and disbursements for those funds that receive property tax receipts. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control selected by the Board is at the object level for the General Fund and the fund level for all other funds. Budgetary allocations at the function level for the General Fund and the function and object level for all other funds are made by the School District Treasurer.



New Bremen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources requested by the School District prior to fiscal year end.

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

**E. Cash and Investments**

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

During fiscal year 2014, the School District invested in nonnegotiable certificates of deposit, negotiable certificates of deposit, federal agency securities, mutual funds, and STAR Ohio. Investments are recorded at cost. 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 net asset value per share, which is the price the investment could be sold for on June 30, 2014.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2014 was \$62,250, which included \$9,153, was assigned from other School District funds.

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

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

**F. Capital Assets**

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

### **G. Compensated Absences**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

### **H. Long-Term Obligations**

Cash basis financial statements do not report liabilities for bonds. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

### **I. Net Position**

Net position is reported as restricted when there are limitations imposed on its use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for food service operations, music and athletic programs, and federal and state grants. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

### **J. Fund Balance**

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

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

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

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

Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by the Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

New Bremen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

**K. Interfund Activity**

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

**Note 3 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash, receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as restricted, committed, or assigned fund balance (cash basis). The General Fund encumbrances outstanding at fiscal year end (budgetary basis) were \$41,332.

**Note 4 - Deposits and Investments**

Monies held by the School District are classified by State statute into three categories.

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

New Bremen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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

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

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

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

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

New Bremen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

Investments

As of June 30, 2014, the School District had the following investments.

	Total	Less Than Six Months	Six Months to Two Years	More Than Two Years
Negotiable Certificates of Deposit	\$2,239,000	\$0	\$500,000	\$1,739,000
Federal National Mortgage Association Notes	900,000	0	0	900,000
Federal Home Loan Bank Notes	850,000	0	0	850,000
Mutual Funds	758	758	0	0
STAR Ohio	830,066	830,066	0	0
Total Investments	<u>\$4,819,824</u>	<u>\$830,824</u>	<u>\$500,000</u>	<u>\$3,489,000</u>

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless matched to a specific obligation or debt of the School District. The Treasurer is also restricted from purchasing investments that cannot be held until the maturity date.

The negotiable certificates of deposit are insured by FDIC or SIPC insurance. The Federal National Mortgage Association Notes and Federal Home Loan Bank Notes carry a rating of Aaa by Moodys. The mutual funds carry a rating of Aaa by Moodys. STAR Ohio carries a rating of AAA by Standard and Poor's. The School District has no policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that mutual funds in eligible securities must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

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

The School District places no limit on the amount it may invest in any one issuer. The following table indicates the percentage of each investment to the total portfolio:

	Carrying Value	Percentage of Portfolio
Federal National Mortgage Association	\$900,000	18.67%
Federal Home Loan Bank	850,000	17.64

New Bremen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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**Note 6 - Income Taxes**

The School District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2005, for five years. On May 5, 2009, the income tax levy was renewed by the voters for an additional five years beginning on January 1, 2010. On May 6, 2014, the income tax levy was passed by the voters as a continuing levy. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are recorded in the General Fund.

**Note 7 - Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, 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 2014 represent the collection of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, 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 School District receives property taxes from Auglaize, Mercer, and Shelby Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which fiscal year 2014 taxes were collected are:

	2013 Second- Half Collections		2014 First- Half Collections	
	Amount	Percent	Amount	Percent
Real	\$99,353,280	97.24%	\$100,538,170	97.34%
Public Utility	2,815,830	2.76	2,749,470	2.66
Total Assessed Value	<u>\$102,169,110</u>	<u>100.00%</u>	<u>\$103,287,640</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$50.75		\$50.75	

New Bremen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

**Note 8 - Payment in Lieu of Taxes**

According to State law, the Village of New Bremen has entered into agreements with a number of property owners under which the Village has granted property tax exemptions to those property owners. The property owners have agreed to make payments to the Village which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been exempted. The agreements require a portion of these payments to be made to the School District. The property owners' contractually promise to make these payments in lieu of taxes until the agreements expire.

**Note 9 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance at 6/30/13	Additions	Reductions	Balance at 6/30/14
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$1,025,092	\$0	\$0	\$1,025,092
Total Nondepreciable Capital Assets	1,025,092	0	0	1,025,092
Depreciable Capital Assets				
Land Improvements	677,194	0	0	677,194
Buildings and Building Improvements	13,649,178	0	0	13,649,178
Improvements Other Than Buildings	798,221	0	0	798,221
Furniture, Fixtures, and Equipment	1,054,407	22,263	0	1,076,670
Vehicles	593,343	0	0	593,343
Total Depreciable Capital Assets	16,772,343	22,263	0	16,794,606
Governmental Activities Capital Assets	\$17,797,435	\$22,263	\$0	\$17,819,698

**Note 10 - Interfund Activity**

As of June 30, 2014, the General Fund advanced funds, in the amount of \$1,937, to other governmental funds to provide cash flow resources until the receipt of grant moneys.

**Note 11 - Risk Management**

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

New Bremen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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During fiscal year 2014, the School District contracted for the following insurance coverage.

Coverage provided by the Ohio School Plan is as follows:

General Liability	
Per Occurrence	\$3,000,000
Aggregate	5,000,000

Coverage provided by Cincinnati Insurance Company is as follows:

Building and Contents	\$36,418,794
Automobile Liability	1,000,000
Excess Liability	3,000,000

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

For fiscal year 2014, the School District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

The School District participates in the Mercer-Auglaize Area Schools Employee Welfare Benefit Trust (Trust), a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The School District pays monthly premiums to the Trust for employee medical and dental insurance coverage. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

The School District participates in the Cincinnati Regional Chamber of Commerce Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The third party administrator, Sheakley Uniservice, Inc., reviews each participants' claims experience and determines the rating tier for that participant. A common premium rate is applied to all participants in a given rating tier. Each participant pays its workers' compensation premium to the State based on the rate for their rating tier rather than its individual rate. Sheakley Uniservice, Inc. provides administrative, cost control, and actuarial services to the Plan.

**Note 12 - Other Significant Commitments**

At fiscal year end, the significant encumbrances expected to be honored upon performance by the vendor in fiscal year 2015 was \$99,589 in other governmental funds.



**Note 13 - Defined Benefit Pension Plans**

**A. State Teachers Retirement System**

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DCP allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The CP offers features of both the DBP and the DCP. In the CP, member contributions are invested by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DBP. The DBP portion of the CP payment is payable to a member on or after age sixty; the DCP portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DBP or CP member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DCP who become disabled are entitled only to their account balance. If a member of the DCP dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the STRS Ohio Board upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased 1 percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contribution to STRS Ohio for the DBP and for the defined benefit portion of the CP were \$467,924 and \$4,588 for the fiscal year ended June 30, 2014, \$483,323 and \$7,803 for the fiscal year ended June 30, 2013, and \$470,979 and \$6,890 for the fiscal year ended June 30, 2012. For fiscal year 2014, 84 percent has been contributed for both the DBP and the CP. The full amount has been contributed for fiscal years 2013 and 2012.

The contribution to STRS Ohio for the DCP for fiscal year 2014 was \$10,907 made by the School District and \$8,570 made by the plan members. In addition, member contributions of \$3,605 were made for fiscal year 2014 for the defined contribution portion of the CP.

**B. School Employees Retirement System**

Plan Description - The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. 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 Chapter 3309 of the Ohio Revised Code. SERS issues a stand-alone financial report that can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under employers/audit resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirement of plan members and employers is established and may be amended by the SERS Retirement Board up to a statutory maximum amount 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, 2014, the allocation to pension and death benefits was 13.1 percent. The remaining .9 percent of the 14 percent employer contribution rate was allocated to the Medicare B and health care funds. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012 was \$117,112, \$119,741 and \$116,666, respectively. For fiscal year 2014, 62 percent has been contributed. The full amount has been contributed for fiscal years 2013 and 2012.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers retirement System/School Employees Retirement System. As of June 30, 2014, none of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Note 14 - Postemployment Benefits**

**A. State Teachers Retirement System**

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

New Bremen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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Funding Policy - Chapter 3307 of the Ohio Revised Code authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The School District's contribution for health care for the fiscal years ended June 30, 2014, 2013, and 2012 was \$37,186, \$38,324, and \$37,357, respectively. For fiscal year 2014, 84 percent has been contributed. The full amount has been contributed for fiscal years 2013 and 2012. The STRS Board voted to discontinue the current 1 percent allocation to the Health Care Plan effective July 1, 2014.

**B. School Employees Retirement System**

Plan Description - The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System (SERS) for classified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B 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 Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under employers/audit resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2014, .14 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2014, this amount was \$20,250. For fiscal year 2014, the School District paid \$16,968 in surcharge.

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.

The School District's contribution for health care for the fiscal years ended June 30, 2014, 2013, and 2012 was \$1,252, \$1,462, and \$5,052, respectively. For fiscal year 2014, 62 percent has been contributed. The full amount has been contributed for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2014, this actuarially required allocation was .76 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 was \$6,794, \$6,764, and \$6,890, respectively. For fiscal year 2014, 62 percent has been contributed. The full amount has been contributed for fiscal years 2013 and 2012.

New Bremen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

**Note 15 - Other Employee Benefits**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. The superintendent and treasurer earn twenty days of vacation per year. Accumulated unused vacation time is paid to classified employees, the superintendent, and the treasurer upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. All employees may accumulate sick leave up to a maximum of two hundred forty days. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of sixty days.

**B. Health Care Benefits**

The School District offers medical and dental insurance to most employees through the Mercer Auglaize School Employee Benefit Trust. In addition, the School District offers life insurance through American United Life Insurance Company.

**C. Separation Benefit**

The School District provides a separation benefit to eligible certified employees. A full-time employee who elects to retire within thirty days after the end of the school year in which they initially become eligible for retirement under the pension eligibility criteria will be paid \$15,000.

**Note 16 - Long-Term Obligations**

Changes in the School District's long-term obligations during fiscal year 2014 were as follows:

	Balance at 6/30/13	Additions	Reductions	Balance at 6/30/14	Amounts Due Within One Year
General Obligation Bonds					
1991 Elementary Addition 6.55%	\$50,000	\$0	\$50,000	\$0	\$0
2005 Refunding School Improvement					
Serial Bonds 2.5 - 5.00%	2,450,000	0	0	2,450,000	0
Capital Appreciation Bonds 23.277%	167,070	0	93,015	74,055	74,055
Total General Obligation Bonds	<u>\$2,667,070</u>	<u>\$0</u>	<u>143,015</u>	<u>\$2,524,055</u>	<u>\$74,055</u>

New Bremen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

Elementary Addition General Obligation Bonds - On December 1, 1991, the School District issued \$1,100,000 in voted general obligation bonds for constructing, improving, and equipping the elementary school building. The bonds were issued for a twenty-two year period. The bonds were retired from the Bond Retirement debt service fund, with the proceeds of a .9 mill voted property tax levy in fiscal year 2014.

School Improvement Refunding General Obligation Bonds - On February 1, 2005, the School District issued \$6,692,996 in general obligation bonds to refund bonds previously issued for constructing and equipping a new high school building and repairing the elementary school building. The refunding bond issue included serial and capital appreciation bonds, in the original amount of \$6,410,000 and \$282,996, respectively. The bonds were issued for a fourteen year period, with final maturity in fiscal year 2019. The bonds are being retired from the Bond Retirement debt service fund, with the proceeds of a 7 mill voted property tax levy.

The serial bonds maturing after December 1, 2015, are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any interest payment date on or after June 1, 2015, at the redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date fixed for redemption.

The capital appreciation bonds are not subject to early redemption. The capital appreciation bonds will mature in fiscal year 2015. The maturity amount for the bonds is \$640,000.

At June 30, 2014, all of the refunded bonds have been retired.

The School District's overall debt margin was \$7,430,474 with an unvoted debt margin of \$100,553 at June 30, 2014.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2014, were as follows:

Fiscal Year Ending	General Obligation Bonds			
	Serial		Capital Appreciation	
	Principal	Interest	Principal	Interest
2015	\$0	\$112,775	\$74,055	\$565,945
2016	645,000	100,681	0	0
2017	665,000	72,794	0	0
2018	695,000	39,625	0	0
2019	445,000	11,125	0	0
Totals	\$2,450,000	\$337,000	\$74,055	\$565,945

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

New Bremen Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

**Note 17 - Fund Balance**

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

<u>Fund Balance</u>	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Restricted for:				
Athletics and Music	\$0	\$0	\$80,222	\$80,222
Capital Improvements	0	0	332,232	332,232
Debt Service	0	904,745	0	904,745
Food Service Operations	0	0	14,422	14,422
Regular Instruction	0	0	183,775	183,775
Total Restricted	<u>0</u>	<u>904,745</u>	<u>610,651</u>	<u>1,515,396</u>
Assigned for:				
Educational Activities	9,670	0	0	9,670
Projected Budget Shortage	278,234	0	0	278,234
Unpaid Obligations	41,332	0	0	41,332
Total Assigned	<u>329,236</u>	<u>0</u>	<u>0</u>	<u>329,236</u>
Unassigned	5,302,624	0	0	5,302,624
Total Fund Balance	<u>\$5,631,860</u>	<u>\$904,745</u>	<u>\$610,651</u>	<u>\$7,147,256</u>

**Note 18 - Set Asides**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. This amount must be carried forward and used for the same purpose in future years. The following cash basis information identifies the change in the fund balance for capital improvements during fiscal year 2014.

Balance June 30, 2013	\$0
Current Year Set Aside Requirement	141,121
Current Year Offsets	<u>(141,121)</u>
Balance June 30, 2014	<u>\$0</u>

**Note 19 - Interfund Transfers**

During fiscal year 2014, the General Fund made transfers to other governmental funds, in the amount of \$20,000, to subsidize the activities of other funds. The Bond Retirement debt service fund made transfers to other governmental funds (Replacement Fund), in the amount of \$188,019, to eliminate the debt service fund balance related to the 1991 Elementary School general obligation bonds in accordance with House Bill 153.

**Note 20 - Donor Restricted Endowments**

The School District's private purpose trust fund includes donor restricted endowments. Endowments, in the amount of \$10,000, represent the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the School District is \$43 and is included as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicates that the interest should be used to provide a scholarship each year.

**Note 21 - Jointly Governed Organizations**

**A. Western Ohio Computer Organization**

The School District is a participant in the Western Ohio Computer Organization (WOCO). WOCO is an association of public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, Miami, and Shelby counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of WOCO consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus a representative from the fiscal agent school district. During fiscal year 2014, the School District paid \$49,740 to WOCO for various services. Financial information can be obtained from the Shelby County Educational Service Center, 129 East Court Street, Sidney, Ohio 45365.

**B. Auglaize County Educational Academy**

The School District is a participant in the Auglaize County Educational Academy (ACEA), which is a community school. The ACEA is an association of the school districts within Auglaize County to provide general curricular education for kindergarten through twelfth grade students for gifted, regular, and special education instruction through the use of a virtual curriculum. The governing board of the ACEA consists of the superintendents from each of the participating school districts. Financial information can be obtained from the Auglaize County Educational Service Center, 1130 East Albert Street, Lima, Ohio 45804.

**Note 22 - Insurance Pools**

**A. Ohio School Plan**

The School District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, a member of the Harcum-Schuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Schuett Insurance Agency serves as the sales and marketing representative which established agreements between the Plan and its members. Financial information can be obtained from the Harcum-Schuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

**B. Mercer-Auglaize Area Schools Employee Welfare Benefit Trust**

The School District participates in a public entity shared risk pool consisting of eleven school districts and two educational service centers. The Mercer-Auglaize Area Schools Employee Welfare Benefit Trust (Trust) is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and dental benefits to the employees of the participants. Each participant's superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington Bank, concerning aspects of the administration of the Trust.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from the Mercer County Educational Service Center, 441 East Market Street, Celina, Ohio 45822.

**C. Cincinnati Regional Chamber of Commerce Workers' Compensation Group Rating Plan**

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Cincinnati Regional Chamber of Commerce Workers' Compensation Group Rating Plan (Plan) was established through the Cincinnati Regional Chamber of Commerce as an insurance purchasing pool. The Plan is governed by the Chamber of Commerce and the participants of the Plan. The Director of Member Benefits of the Chamber of Commerce coordinates the management and administration of the Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the Plan.

**Note 23 - Contingencies**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2014.

**B. Litigation**

There are currently no matters in litigation with the School District as defendant.





**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Required by *Government Auditing Standards***

New Bremen Local School District  
Auglaize County  
901 East Monroe Street  
New Bremen, Ohio 45869

To the Board of Education:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New Bremen Local School District as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the New Bremen Local School District's basic financial statements and have issued our report thereon dated October 28, 2014, wherein we noted the New Bremen Local School District uses a special purpose framework other than generally accepted accounting principles.

***Internal Control Over Financial Reporting***

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

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

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

Board of Education  
New Bremen Local School District

***Compliance and Other Matters***

As part of reasonably assuring whether the New Bremen Local School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
October 28, 2014



# Dave Yost • Auditor of State

**NEW BREMEN LOCAL SCHOOL DISTRICT**

**AUGLAIZE 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  
DECEMBER 11, 2014**