

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

**BASIC FINANCIAL STATEMENTS
(AUDITED)**

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2013***

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, 2012 through June 30, 2013. 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 cursive script 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, 2013**

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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, 2013, 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, 2013, 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, 2013
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, 2013, 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 2013, 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, 2013
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, 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 2013 and fiscal year 2012:

Table 1 Governmental Activities Net Position			
	2013	2012	Change
<u>Assets:</u>			
Cash and Cash Equivalents	\$7,472,514	\$7,757,561	(\$285,047)
<u>Net Position:</u>			
Restricted	\$1,557,056	\$1,504,118	\$52,938
Unrestricted	5,915,458	6,253,443	(337,985)
Total Net Position	\$7,472,514	\$7,757,561	(\$285,047)

New Bremen Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Total net position decreased \$285,047, or 3.7 percent. Unrestricted net position decreased by 5.4 percent from disbursements greater than receipts. Overall, the School District experienced the increase in disbursements from implementing an all-day every day kindergarten, the purchase of new reading textbooks, and building repairs.

Table 2 reflects the change in net position for fiscal year 2013 and fiscal year 2012.

Table 2
Governmental Activities
Change in Net Position

	2013	2012	Change
<u>Receipts:</u>			
Program Receipts			
Charges for Services	\$811,189	\$747,376	\$63,813
Operating Grants, Contributions, and Interest	810,190	1,033,939	(223,749)
Capital Grants and Contributions	0	5,380	(5,380)
Total Program Receipts	<u>1,621,379</u>	<u>1,786,695</u>	<u>(165,316)</u>
General Receipts			
Property Taxes Levied for General Purposes	2,010,976	2,024,658	(13,682)
Property Taxes Levied for Debt Service	654,068	700,748	(46,680)
Property Taxes Levied for Permanent Improvements	72,574	73,096	(522)
Income Taxes	1,655,458	1,762,902	(107,444)
Payment in Lieu of Taxes	30,952	30,952	0
Grants and Entitlements	3,912,570	4,149,926	(237,356)
Interest	64,902	79,304	(14,402)
Miscellaneous	67,158	39,323	27,835
Total General Receipts	<u>8,468,658</u>	<u>8,860,909</u>	<u>(392,251)</u>
Total Receipts	<u>10,090,037</u>	<u>10,647,604</u>	<u>(557,567)</u>
<u>Disbursements:</u>			
Instruction:			
Regular	4,660,273	4,347,023	(313,250)
Special	469,436	476,649	7,213
Vocational	148,281	149,995	1,714
Support Services:			
Pupils	585,581	601,229	15,648
Instructional Staff	634,628	605,895	(28,733)
Board of Education	47,452	45,099	(2,353)
Administration	751,713	810,601	58,888
Fiscal	202,000	214,626	12,626
Operation and Maintenance of Plant	1,062,389	984,475	(77,914)
Pupil Transportation	195,922	257,694	61,772
Central	70,661	63,764	(6,897)

(continued)

New Bremen Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Table 2
Governmental Activities
Change in Net Position
(continued)

	2013	2012	Change
<u>Disbursements:</u> (continued)			
Noninstructional Services	\$313,879	\$306,976	(\$6,903)
Extracurricular Activities	420,181	431,399	11,218
Debt Service:			
Principal Retirement	165,926	675,000	509,074
Interest and Fiscal Charges	117,688	130,338	12,650
Capital Appreciation Bond Accretion	529,074	0	(529,074)
Total Disbursements	<u>10,375,084</u>	<u>10,100,763</u>	<u>(274,321)</u>
Increase (Decrease) in Net Position	(285,047)	546,841	(831,888)
Net Position at Beginning of Year	<u>7,757,561</u>	<u>7,210,720</u>	<u>546,841</u>
Net Position at End of Year	<u>\$7,472,514</u>	<u>\$7,757,561</u>	<u>(\$285,047)</u>

Program receipts decreased 9 percent from fiscal year 2012. Charges for services increased from an increase in open enrollment tuition in fiscal year 2012 and an increase in tuition and excess costs charged to other school districts. Operating grants, contributions, and interest decreased due to the elimination of the Education Jobs grant and a reduction in Title I funding. Capital grants and contributions decreased from a donation received in the prior fiscal year for the purchase of iPads.

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 6 percent due to a continuing depressed economy. Grants and entitlements decreased due to the tangible personal property reimbursement being phased out. Miscellaneous receipts included reimbursements for lightning damage.

The instruction program disbursements accounted for 51 percent of all disbursements. Other programs which support the instruction process including pupils, instructional staff, and pupil transportation account for approximately 14 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 2012.

Regular instruction, board of education, operation and maintenance of plant, and central disbursements had significant increases. Regular instruction disbursements increased due to implementing an all-day, every day kindergarten, the Board of Education adopting a new reading program and purchasing new reading textbooks, and the continued use of donations to purchase instructional technology. Board of Education disbursements increased from the cost of liability insurance being allocated to the program. Operation and maintenance of plant disbursements increased from building repairs due to lightning damage, an overlap of maintenance personnel for training purposes, and the retirement of maintenance personnel. Central costs increased from implementing a workplace wellness program using a grant from the Bureau of Workers' Compensation.

New Bremen Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Administration, fiscal, and pupil transportation disbursements had significant decreases in fiscal year 2013. Administration costs decreased from lower costs of new personnel hired in administrative positions. Fiscal costs decreased from auditor and treasurer fees charged for the collection of property taxes. Costs associated with transportation decreased from the purchase of a bus in fiscal year 2012.

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	
	2013	2012	2013	2012
Instruction:				
Regular	\$4,660,273	\$4,347,023	\$4,083,981	\$3,531,798
Special	469,436	476,649	(1,738)	48,342
Vocational	148,281	149,995	88,669	84,177
Support Services:				
Pupils	585,581	601,229	585,081	601,229
Instructional Staff	634,628	605,895	634,628	605,895
Board of Education	47,452	45,099	47,452	45,099
Administration	751,713	810,601	751,713	810,601
Fiscal	202,000	214,626	202,000	214,626
Operation and Maintenance of Plant	1,062,389	984,475	1,062,389	984,475
Pupil Transportation	195,922	257,694	172,716	239,364
Central	70,661	63,764	67,861	63,764
Noninstructional Services	313,879	306,976	23,792	3,119
Extracurricular Activities	420,181	431,399	222,473	276,241
Debt Service:				
Principal Retirement	165,926	675,000	165,926	675,000
Interest and Fiscal Charges	117,688	130,338	117,688	130,338
Capital Appreciation Bond Accretion	529,074	0	529,074	0
Total Disbursements	<u>\$10,375,084</u>	<u>\$10,100,763</u>	<u>\$8,753,705</u>	<u>\$8,314,068</u>

Approximately 16 percent of the costs of services was financed through user charges and grants awarded for specific programs in fiscal year 2013, 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.

New Bremen Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Special instruction activities were fully funded through operating grants. 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).

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 decreased in several areas including property taxes, income taxes, and intergovernmental receipts due to a decrease in tangible personal property reimbursement. Increases in disbursements included costs mostly associated with regular instruction for the purchase of new reading textbooks and the implementation of an all-day every day kindergarten. Additional costs were incurred due to repairs of the instruction buildings caused by lightning. The overall increase in disbursements was about 5 percent.

The Bond Retirement debt service fund's property taxes were sufficient to cover the principal and interest payments for the fiscal year.

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 2013, 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, 2013, the School District's outstanding debt consisted of general obligation bonds, in the amount of \$2,667,070, issued for improvements to buildings. For further information regarding the School District's long-term obligations, refer to Note 15 to the basic financial statements.

CURRENT ISSUES

General Fund revenues are expected to decrease slightly. The School District anticipates increases in income tax revenues due to improvement in the economy and open enrollment revenues. Based on the five-year forecast, real estate tax revenues are expected to increase slightly due to new construction and the School District being back at the twenty mill floor. School foundation revenues will decrease slightly.

New Bremen Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

General Fund appropriations decreased by 2.5 percent in fiscal year 2014. Base salaries are frozen and step increases for experienced staff increased less than 1 percent. However, these are offset by ten retirements or resignations and hiring new personnel at the lower salary and fringe benefits for an overall decrease of 2 percent. The School District expects a small increase in health insurance costs in January 2014. Appropriations for supplies and materials decreased in fiscal year 2014 due to a large textbook adoption that occurred in fiscal year 2013. The School District is changing from a one year audit cycle to a two year audit cycle, lowering costs in fiscal year 2014.

In January 2014, the Board welcomed three new members.

On May 6, 2014, the voters renewed the 1 percent income tax as a continuing levy.

Negotiations with the local teachers union were successful completed in the spring of 2014 with a new three year 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, 2013

	<u>Governmental Activities</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$7,472,514</u>
<u>Net Position</u>	
Restricted for:	
Debt Service	1,085,117
Capital Projects	249,342
Other Purposes	222,597
Unrestricted	<u>5,915,458</u>
Total Net Position	<u><u>\$7,472,514</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, 2013

	Program Cash Receipts			Net (Disbursement) Receipt and Change in Net Assets
	Disbursements	Charges for Services	Operating Grants, Contributions, and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$4,660,273	\$311,970	\$264,322	(\$4,083,981)
Special	469,436	49,313	421,861	1,738
Vocational	148,281	0	59,612	(88,669)
Support Services:				
Pupils	585,581	0	500	(585,081)
Instructional Staff	634,628	0	0	(634,628)
Board of Education	47,452	0	0	(47,452)
Administration	751,713	0	0	(751,713)
Fiscal	202,000	0	0	(202,000)
Operation and Maintenance of Plant	1,062,389	0	0	(1,062,389)
Pupil Transportation	195,922	16,191	7,015	(172,716)
Central	70,661	0	2,800	(67,861)
Noninstructional Services	313,879	236,186	53,901	(23,792)
Extracurricular Activities	420,181	197,529	179	(222,473)
Debt Service:				
Principal Retirement	165,926	0	0	(165,926)
Interest and Fiscal Charges	117,688	0	0	(117,688)
Capital Appreciation Bond Accretion	529,074	0	0	(529,074)
Total Governmental Activities	<u>\$10,375,084</u>	<u>\$811,189</u>	<u>\$810,190</u>	<u>(8,753,705)</u>
General Receipts				
Property Taxes Levied for:				
General Purposes				2,010,976
Debt Service				654,068
Permanent Improvements				72,574
Income Taxes				1,655,458
Payment in Lieu of Taxes				30,952
Grants and Entitlements not Restricted to Specific Programs				3,912,570
Interest				64,902
Miscellaneous				67,158
Total General Receipts				<u>8,468,658</u>
Change in Net Position				(285,047)
Net Position at Beginning of Year				<u>7,757,561</u>
Net Position at End of Year				<u><u>\$7,472,514</u></u>

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, 2013

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental</u>	<u>Total</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	<u>\$5,915,458</u>	<u>\$1,085,117</u>	<u>\$471,939</u>	<u>\$7,472,514</u>
<u>Fund Balances</u>				
Restricted	0	1,085,117	471,939	1,557,056
Assigned	456,457	0	0	456,457
Unassigned	<u>5,459,001</u>	<u>0</u>	<u>0</u>	<u>5,459,001</u>
Total Fund Balances	<u>\$5,915,458</u>	<u>\$1,085,117</u>	<u>\$471,939</u>	<u>\$7,472,514</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, 2013

	General	Bond Retirement	Other Governmental	Total
<u>Receipts</u>				
Property Taxes	\$2,010,976	\$654,068	\$72,574	\$2,737,618
Income Taxes	1,655,458	0	0	1,655,458
Payment in Lieu of Taxes	30,952	0	0	30,952
Intergovernmental	3,949,890	212,393	376,110	4,538,393
Interest	64,179	0	1,121	65,300
Tuition and Fees	377,474	0	0	377,474
Charges for Services	0	0	236,186	236,186
Extracurricular Activities	0	0	197,529	197,529
Gifts and Donations	34,500	0	149,469	183,969
Miscellaneous	66,023	0	1,135	67,158
Total Receipts	8,189,452	866,461	1,034,124	10,090,037
<u>Disbursements</u>				
Current:				
Instruction:				
Regular	4,399,347	0	260,926	4,660,273
Special	247,002	0	222,434	469,436
Vocational	148,281	0	0	148,281
Support Services:				
Pupils	584,382	0	1,199	585,581
Instructional Staff	634,628	0	0	634,628
Board of Education	47,452	0	0	47,452
Administration	751,713	0	0	751,713
Fiscal	188,777	11,915	1,308	202,000
Operation and Maintenance of Plant	988,924	0	73,465	1,062,389
Pupil Transportation	195,922	0	0	195,922
Central	69,481	0	1,180	70,661
Noninstructional Services	0	0	313,879	313,879
Extracurricular Activities	251,528	0	168,653	420,181
Debt Service:				
Principal Retirement	0	165,926	0	165,926
Interest and Fiscal Charges	0	117,688	0	117,688
Capital Appreciation Bond Accretion	0	529,074	0	529,074
Total Disbursements	8,507,437	824,603	1,043,044	10,375,084
Excess of Receipts Over (Under) Disbursements	(317,985)	41,858	(8,920)	(285,047)
<u>Other Financing Sources (Uses)</u>				
Transfers In	0	0	20,000	20,000
Transfers Out	(20,000)	0	0	(20,000)
Total Other Financing Sources (Uses)	(20,000)	0	20,000	0
Changes in Fund Balances	(337,985)	41,858	11,080	(285,047)
Fund Balances at Beginning of Year	6,253,443	1,043,259	460,859	7,757,561
Fund Balances at End of Year	\$5,915,458	\$1,085,117	\$471,939	\$7,472,514

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		(Under)
<u>Receipts</u>				
Property Taxes	\$2,028,839	\$1,969,031	\$2,010,976	\$41,945
Income Taxes	1,815,789	1,815,789	1,655,458	(160,331)
Payment in Lieu of Taxes	30,952	30,952	30,952	0
Intergovernmental	4,001,708	4,001,708	3,949,890	(51,818)
Interest	74,000	74,000	64,179	(9,821)
Tuition and Fees	342,200	342,200	377,474	35,274
Gifts and Donations	0	0	34,500	34,500
Miscellaneous	37,000	37,000	66,023	29,023
Total Receipts	8,330,488	8,270,680	8,189,452	(81,228)
<u>Disbursements</u>				
Current:				
Instruction:				
Regular	4,489,327	4,489,327	4,343,706	145,621
Special	267,055	267,055	247,002	20,053
Vocational	155,039	155,039	148,281	6,758
Other	8,600	8,600	6,150	2,450
Support Services:				
Pupils	616,684	616,684	584,382	32,302
Instructional Staff	654,709	654,709	634,628	20,081
Board of Education	63,692	63,692	55,757	7,935
Administration	769,320	769,320	751,713	17,607
Fiscal	202,968	202,968	188,777	14,191
Operation and Maintenance of Plant	1,008,969	1,008,969	989,374	19,595
Pupil Transportation	213,419	213,419	195,922	17,497
Central	78,220	78,220	69,481	8,739
Extracurricular Activities	238,505	238,505	223,257	15,248
Uniform School Supplies				
Current:				
Instruction:				
Regular	54,000	54,000	50,009	3,991
Public School Support				
Extracurricular Activities	27,790	30,790	29,061	1,729
Total Disbursements	8,848,297	8,851,297	8,517,500	333,797
Excess of Receipts				
Under Disbursements	(517,809)	(580,617)	(328,048)	252,569
<u>Other Financing Uses</u>				
Other Financing Uses	(8,000)	(3,000)	0	3,000
Transfers Out	(15,000)	(20,000)	(20,000)	0
Total Other Financing Uses	(23,000)	(23,000)	(20,000)	3,000
Changes in Fund Balance	(540,809)	(603,617)	(348,048)	255,569
Fund Balance at Beginning of Year	6,248,055	6,248,055	6,248,055	0
Prior Year Encumbrances Appropriated	5,388	5,388	5,388	0
Fund Balance at End of Year	\$5,712,634	\$5,649,826	\$5,905,395	\$255,569

See accompanying notes to the basic financial statement:

New Bremen Local School District
Statement of Cash Basis Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Private Purpose Trust</u>	<u>Agency</u>
<u>Assets</u>		
Equity in Pooled Cash and Cash Equivalents	<u>\$10,043</u>	<u>\$26,143</u>
<u>Net Position</u>		
Endowments	\$10,000	\$0
Held for Students	0	24,974
Held for Staff	0	1,169
Held in Trust for Scholarships	<u>43</u>	<u>0</u>
Total Net Position	<u>\$10,043</u>	<u>\$26,143</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, 2013

Additions

Interest	\$74
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Deductions

Noninstructional Services	<u>150</u>
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Change in Net Position	(76)
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Net Position at Beginning of Year	<u>10,119</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, 2013

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 506th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by thirty-five classified employees, fifty-nine certified teaching personnel, and five administrative employees who provide services to 813 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 insure 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. 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 20 and 21 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, 2013

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, 2013

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, 2013

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 2013, the School District invested in nonnegotiable certificates of deposit, federal agency securities, 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, 2013.

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 2013 was \$64,179, which included \$9,981, 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, 2013

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

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

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 - Change in Accounting Principles

For fiscal year 2013, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements".

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change to the School District's financial statements.

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash, receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and 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 \$10,063.

New Bremen Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 5 - Deposits and Investments

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

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

Inactive deposits are public deposits 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.

New Bremen Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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.

Investments

As of June 30, 2013, the School District had the following investments.

	Total	Less Than Six Months	More Than Two Years
Federal National Mortgage Association Notes	\$900,000	\$0	\$900,000
Federal Home Loan Bank Notes	850,000	0	850,000
STAR Ohio	532,144	532,144	0
Total	<u>\$2,282,144</u>	<u>\$532,144</u>	<u>\$1,750,000</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 Federal National Mortgage Association Notes and Federal Home Loan Bank Notes carry a rating of Aaa by Moody's. STAR Ohio carries a rating of AAA by Standards and Poor's. The School District has no policy regarding interest rate or credit risk beyond the requirements of State statute. 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	39.44%
Federal Home Loan Bank	850,000	37.25

New Bremen Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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. 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 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, 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 2013 represent the collection of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, 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, 2013, are available to finance fiscal year 2013 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 2013 taxes were collected are:

	2012 Second- Half Collections		2013 First- Half Collections	
	Amount	Percent	Amount	Percent
Real	\$99,674,180	97.65%	\$99,353,280	97.24%
Public Utility	2,393,810	2.35	2,815,830	2.76
Total Assessed Value	<u>\$102,067,990</u>	<u>100.00%</u>	<u>\$102,169,110</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$51.55		\$50.75	

New Bremen Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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, 2013, was as follows:

	Balance at 6/30/12	Additions	Reductions	Balance at 6/30/13
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	13,654,913	0	(5,735)	13,649,178
Improvements Other Than Buildings	798,221	0	0	798,221
Furniture, Fixtures, and Equipment	1,032,593	21,814	0	1,054,407
Vehicles	573,963	19,380	0	593,343
Total Depreciable Capital Assets	16,736,884	41,194	(5,735)	16,772,343
Governmental Activities Capital Assets	\$17,761,976	\$41,194	(\$5,735)	\$17,797,435

Note 10 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, 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

New Bremen Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Coverage provided by Cincinnati Insurance Company is as follows:	
Building and Contents	\$35,405,104
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 2013, 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 11 - Contractual Commitments

As of June 30, 2013, the School District had a contractual commitment for the high school office renovation with Miami Erie Contractors, Inc., in the amount of \$116,755.

At fiscal year end, the significant encumbrances expected to be honored upon performance by the vendor in fiscal year 2014 in other governmental funds was \$121,878.

Note 12 - 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.

New Bremen Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 10 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, 2013, plan members were required to contribute 10 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 \$483,323 and \$7,803 for the fiscal year ended June 30, 2013, \$470,979 and \$6,890 for the fiscal year ended June 30, 2012, and \$476,176 and \$7,203 for the fiscal year ended June 30, 2011. For fiscal year 2013, 83 percent has been contributed for both the DBP and the CP, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

The contribution to STRS Ohio for the DCP for fiscal year 2013 was \$7,089 made by the School District and \$5,063 made by the plan members. In addition, member contributions of \$5,573 were made for fiscal year 2013 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 under employers/audit resources.

New Bremen Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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, 2013, 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, 2013, 2012, and 2011 was \$119,741, \$116,666 and \$104,465, respectively. For fiscal year 2013, 54 percent has been contributed. The full amount has been contributed for fiscal years 2012 and 2011.

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, 2013, two of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 13 - 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.

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 2013, 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, 2013, 2012, and 2011 was \$38,324, \$37,357, and \$37,698, respectively. For fiscal year 2013, 83 percent has been contributed. The full amount has been contributed for fiscal years 2012 and 2011.

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 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 2013, .16 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 2013, this amount was \$20,525. For fiscal year 2013, the School District paid \$16,751 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, 2013, 2012, and 2011 was \$1,462, \$5,052, and \$12,649, respectively. For fiscal year 2013, 54 percent has been contributed. The full amount has been contributed for fiscal years 2012 and 2011.

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 2013, this actuarially required allocation was .74 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 was \$6,764, \$6,890, and \$6,723, respectively. For fiscal year 2013, 54 percent has been contributed. The full amount has been contributed for fiscal years 2012 and 2011.

Note 14 - 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.

New Bremen Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 15 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2013 were as follows:

	Balance at 6/30/12	Additions	Reductions	Balance at 6/30/13	Amounts Due Within One Year
General Obligation Bonds					
1991 Elementary Addition 6.55%	\$100,000	\$0	\$50,000	\$50,000	\$50,000
2005 Refunding School Improvement					
Serial Bonds 2.5 - 5.00%	2,450,000	0	0	2,450,000	0
Capital Appreciation Bonds 23.277%	282,996	0	115,926	167,070	93,016
Total General Obligation Bonds	<u>\$2,832,996</u>	<u>\$0</u>	<u>\$165,926</u>	<u>\$2,667,070</u>	<u>\$143,016</u>

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, with final maturity on December 1, 2013. The bonds are being retired from the Bond Retirement debt service fund, with the proceeds of a .9 mill voted property tax levy.

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.

New Bremen Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 years 2013 through 2015. The maturity amount for the bonds is \$1,930,000.

At June 30, 2013, all of the refunded bonds have been retired.

The School District's overall debt margin was \$7,360,993 with an unvoted debt margin of \$99,366 at June 30, 2013.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2013, were as follows:

Fiscal Year Ending	General Obligation Bonds			
	Serial		Capital Appreciation	
	Principal	Interest	Principal	Interest
2014	\$50,000	\$114,412	\$93,016	\$551,984
2015	0	112,775	74,054	565,946
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	<u>\$2,500,000</u>	<u>\$451,412</u>	<u>\$167,070</u>	<u>\$1,117,930</u>

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.

Note 16 - 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:

Fund Balance	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Restricted for:				
Athletics and Music	\$0	\$0	\$70,848	\$70,848
Capital Improvements	0	0	249,342	249,342
Debt Service	0	1,085,117	0	1,085,117
Food Service Operations	0	0	18,498	18,498
Regular Instruction	0	0	133,251	133,251
Total Restricted	<u>0</u>	<u>1,085,117</u>	<u>471,939</u>	<u>1,557,056</u>

(continued)

New Bremen Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Fund Balance	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assigned for:				
Educational Activities	\$7,843	\$0	\$0	\$7,843
Projected Budget Shortage	439,341	0	0	439,341
Unpaid Obligations	9,273	0	0	9,273
Total Assigned	<u>456,457</u>	<u>0</u>	<u>0</u>	<u>456,457</u>
Unassigned	5,459,001	0	0	5,459,001
Total Fund Balance	<u>\$5,915,458</u>	<u>\$1,085,117</u>	<u>\$471,939</u>	<u>\$7,472,514</u>

Note 17 - 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 2013.

Balance June 30, 2012	\$0
Current Year Set Aside Requirement	145,084
Current Year Offsets	<u>(145,084)</u>
Balance June 30, 2013	<u>\$0</u>

Note 18 - Interfund Transfers

During fiscal year 2013, the General Fund made transfers other governmental funds, in the amount of \$20,000, to subsidize the activities of other funds.

Note 19 - 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 20 - 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 2013, the School District paid \$50,314 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 21 - 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.

New Bremen Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 22 - 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 are 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, 2013.

B. Litigation

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

Note 23 - Subsequent Events

On May 6, 2014, the voters renewed the 1.0 percent income tax as a continuing levy.



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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, 2013, 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



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Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether the New Bremen Local School District has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on June 13, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

Julian & Grube, Inc.
October 28, 2014

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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**