



Dave Yost • Auditor of State

**BATAVIA LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position June 30, 2013	13
Statement of Activities For the Fiscal Year Ended June 30, 2013	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds June 30, 2013	15
Reconciliation of Total Governmental Fund Balances To Net Position of Governmental Activities June 30, 2013	16
Statement of Revenues, Expenditures, and Changes In Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2013	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2013	18
Statement of Net Position – Proprietary Funds June 30, 2013	19
Statement of Revenues, Expenses and Changes In Fund Net Position – Proprietary Funds For the Fiscal Year Ended June 30, 2013	20
Statement of Cash Flows – Proprietary Funds For the Fiscal Year Ended June 30, 2013	21
Statement of Net Position – Fiduciary Funds June 30, 2013	22
Statement of Changes in Net Position – Fiduciary Funds For the Fiscal Year Ended June 30, 2013	23
Notes to the Basic Financial Statements	25

**BATAVIA LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund For the Fiscal Year Ended June 30, 2013	53
Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2013	54
Federal Awards Receipts and Expenditures Schedule.....	55
Notes to the Federal Awards Receipts and Expenditures Schedule	56
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	57
Independent Auditor’s Report on Compliance with Requirements Applicable To Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133	59
Schedule of Findings	63
Schedule of Prior Audit Findings.....	69
Corrective Action Plan.....	71
Independent Accountants’ Report on Applying Agreed Upon Procedures.....	73



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Batavia Local School District
Clermont County
2400 Clermont Center Drive
Suite 240
Batavia, Ohio 45103

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Batavia Local School District, Clermont County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 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 District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Batavia Local School District, Clermont County, Ohio, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and *required budgetary comparison schedule* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2015, on our consideration of the 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 District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

April 20, 2015

This page intentionally left blank.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This discussion and analysis provides key information from management highlighting the overall financial performance of the Batavia Local School District for the year ended June 30, 2013. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the School District's financial statements.

Financial Highlights

Major financial highlights for fiscal year 2013 are listed below:

- ✓ The assets of the School District exceeded its liabilities and deferred inflows of resources at year-end by \$2.6 million. However, \$1.9 million is invested in capital assets, net of accumulated depreciation and related debt.
- ✓ In total, net position decreased by approximately \$950,000.
- ✓ The School District had \$21.4 million in expenses related to governmental activities; only \$2.9 million of these expenses were offset by program specific charges for services, grants or contributions. General revenue of \$17.7 million, made up primarily of property taxes and State Foundation payments provided the majority of funding for these programs.
- ✓ The General Fund deficit fund balance increased by \$742,133 from a deficit of (\$138,162) at June 30, 2012 to a deficit of (\$880,295) at June 30, 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

BATAVIA LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2013
Unaudited

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the School District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the School District's assets, liabilities and deferred inflows of resources, with the difference between the three reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, support services, administration, operation and maintenance of plant, and extracurricular activities. The business-type activities of the School District include food services and uniform school supplies.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

BATAVIA LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2013
Unaudited

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between government funds and governmental activities.

The School District accounts for its activities using many individual funds. The most significant funds are reported in separate columns in the governmental fund financial statements. These statements provide detailed information about the individual major funds – unlike the government-wide financial statements, which report on the School District as a whole. Some funds are required to be established by State law. Also, the School District may also establish separate funds to show that it is meeting legal requirements for using grants or other money.

Proprietary funds. The School District utilizes enterprise funds, which report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same information as the government-wide financial statements, only in more detail.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to basic financial statements and accompanying notes, this report also contains required supplementary information concerning the budget of the General Fund.

BATAVIA LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2013
Unaudited

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A. Net position at year-end

The following table presents a condensed summary of the School District's overall financial position at June 30, 2013 and 2012:

	Governmental		Business-Type		Total	
	Activities		Activities			
	FY13	FY12	FY13	FY12	FY13	FY12
Current and other assets	\$ 24,434,015	10,059,298	178,030	253,471	24,612,045	10,312,769
Capital assets	8,070,763	8,742,627	12,528	14,326	8,083,291	8,756,953
Total assets	<u>32,504,778</u>	<u>18,801,925</u>	<u>190,558</u>	<u>267,797</u>	<u>32,695,336</u>	<u>19,069,722</u>
Long-term liabilities	20,834,806	7,442,244	7,819	8,104	20,842,625	7,450,348
Other liabilities	1,828,056	1,891,642	75,742	63,894	1,903,798	1,955,536
Total liabilities	<u>22,662,862</u>	<u>9,333,886</u>	<u>83,561</u>	<u>71,998</u>	<u>22,746,423</u>	<u>9,405,884</u>
Deferred inflows of resources	<u>7,368,142</u>	<u>6,132,880</u>	-	-	<u>7,368,142</u>	<u>6,132,880</u>
Net position:						
Net investment in capital assets	1,850,813	2,533,698	12,528	14,326	1,863,341	2,548,024
Restricted:						
For debt service	2,213,307	1,550,660	-	-	2,213,307	1,550,660
Other purposes	215,610	381,404	-	-	215,610	381,404
Unrestricted	<u>(1,805,956)</u>	<u>(1,130,603)</u>	<u>94,469</u>	<u>181,473</u>	<u>(1,711,487)</u>	<u>(949,130)</u>
Total net position	\$ <u>2,473,774</u>	<u>3,335,159</u>	<u>106,997</u>	<u>195,799</u>	<u>2,580,771</u>	<u>3,530,958</u>

Total assets increased by approximately \$13.6 million, while total liabilities increased by \$13.3 million. These increases were attributable to the issuance of \$13.6 million in classroom facilities improvement bonds during the second half of the fiscal year to finance its share of the construction costs on a new elementary school project under the Ohio School Facilities Commission program. The State Commission will be financing 49% of the project costs under this program, which is slated to begin in fiscal year 2014.

BATAVIA LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2013
Unaudited

B. Governmental and Business-type Activities during fiscal year 2013

The following table presents a condensed summary of the School District's activities during fiscal year 2013 and 2012 and the resulting change in net position:

	Governmental		Business-Type		Total	
	Activities		Activities			
	FY13	FY12	FY13	FY12	FY13	FY12
Revenues:						
Program revenues:						
Charges for services and sales	\$ 1,178,251	1,123,538	309,568	341,550	1,487,819	1,465,088
Operating grants and contributions	<u>1,720,819</u>	<u>1,372,011</u>	<u>575,502</u>	<u>585,893</u>	<u>2,296,321</u>	<u>1,957,904</u>
Total program revenues	<u>2,899,070</u>	<u>2,495,549</u>	<u>885,070</u>	<u>927,443</u>	<u>3,784,140</u>	<u>3,422,992</u>
General revenues:						
Property taxes	7,232,410	5,270,593	-	-	7,232,410	5,270,593
Payments in lieu of taxes	965,298	783,700	-	-	965,298	783,700
Grants and entitlements	9,143,122	9,318,907	-	-	9,143,122	9,318,907
Investment earnings	(40,785)	858	-	-	(40,785)	858
Miscellaneous	<u>382,349</u>	<u>258,812</u>	<u>-</u>	<u>-</u>	<u>382,349</u>	<u>258,812</u>
Total general revenues	<u>17,682,394</u>	<u>15,632,870</u>	<u>-</u>	<u>-</u>	<u>17,682,394</u>	<u>15,632,870</u>
Total revenues	<u>20,581,464</u>	<u>18,128,419</u>	<u>885,070</u>	<u>927,443</u>	<u>21,466,534</u>	<u>19,055,862</u>
Expenses:						
Instruction	14,418,666	13,287,634	-	-	14,418,666	13,287,634
Support services:						
Pupil	417,450	401,229	-	-	417,450	401,229
Instructional staff	271,273	272,276	-	-	271,273	272,276
Board of Education	233,819	193,130	-	-	233,819	193,130
Administration	1,312,814	1,292,464	-	-	1,312,814	1,292,464
Fiscal	542,964	492,621	-	-	542,964	492,621
Operation and maintenance of plant	1,416,346	1,310,660	-	-	1,416,346	1,310,660
Pupil transportation	1,774,889	1,903,679	-	-	1,774,889	1,903,679
Central	26,775	2,018	-	-	26,775	2,018
Non-instructional services	420,021	455,204	-	-	420,021	455,204
Interest and fiscal charges	607,832	401,762	-	-	607,832	401,762
Food services	-	-	867,859	830,370	867,859	830,370
Uniform school supplies	<u>-</u>	<u>-</u>	<u>106,013</u>	<u>84,842</u>	<u>106,013</u>	<u>84,842</u>
Total expenses	<u>21,442,849</u>	<u>20,012,677</u>	<u>973,872</u>	<u>915,212</u>	<u>22,416,721</u>	<u>20,927,889</u>
Change in net position	\$ <u>(861,385)</u>	<u>(1,884,258)</u>	<u>(88,802)</u>	<u>12,231</u>	<u>(950,187)</u>	<u>(1,872,027)</u>

BATAVIA LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2013
Unaudited

Total revenue increased by \$2.4 million, or 13%, primarily due to increases in property taxes. The School District's voters approved bond and classroom maintenance tax levies in November 2012 to support the issuance of the school improvement bonds and fund a classroom facilities maintenance fund. Total expenses increased by \$1.5 million, or 7%, due to increased purchased services from the Clermont County Educational Service Center for special education services, as the School District's special education population has been growing, and general inflationary increases.

Of the total governmental activities revenues of \$20,581,464, \$2,899,070 (14%) is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, 41% (\$7,232,410) comes from property tax levies and 52% (\$9,143,122) comes from state funding. The School District's operations are reliant upon its property tax levy and the state's foundation program.

Governmental Activities

The following table presents the total cost of each of the government's primary services, and the comparative net cost after deducting the revenues generated by each function. Approximately 14% of the cost of the general government programs was recouped in program revenues. Instruction costs were \$14,418,666, but program revenue contributed to fund 19% of those costs. Thus, general revenues of \$11,712,467 were needed to support of remainder of the instruction costs.

Governmental Activities					
		Total Cost	Program	Revenues	
		of Services	Revenue	as a % of	Net Cost
		<u> </u>	<u> </u>	Total Costs	<u>of Services</u>
Instruction	\$	14,418,666	2,706,199	19%	11,712,467
Support services		5,996,330	102,835	2%	5,893,495
Non-instructional services		420,021	90,036	21%	329,985
Interest and fiscal charges		<u>607,832</u>	<u>-</u>	0%	<u>607,832</u>
Total	\$	<u><u>21,442,849</u></u>	<u><u>2,899,070</u></u>	<u>14%</u>	<u><u>18,543,779</u></u>

Business-type Activities

Net position of the business-type activities decreased by \$88,802, due to mandated changes in food service. As the School District has increased vegetable servings, increasing food costs, demand for served lunches, reducing revenue. The School District also allocated custodial salaries and capital items to the Food Service Fund.

The following table presents the total cost of each of the School District's business segments and the net cost after deducting the revenues generated by each segment.

BATAVIA LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2013
Unaudited

	Business-type Activities		Revenues	Net Cost
	Total Cost of Services	Program Revenue	as a % of Total Costs	(Revenue) of Services
Food services	\$ 867,859	798,642	92%	69,217
School supplies	106,013	86,428	82%	19,585
Total	\$ <u>973,872</u>	<u>885,070</u>	<u>91%</u>	<u>88,802</u>

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S INDIVIDUAL FUNDS

Governmental funds

The School District has three major governmental funds: the General Fund, the Debt Service Fund, and the Classroom Facilities Project Fund. Assets of these three funds comprised 97% (\$24,514,617) of the total \$25,360,165 governmental fund assets.

General Fund. Fund deficit at June 30, 2013 was (\$880,295), an increase deficit of \$742,133 from the prior year, as revenues continued to be insufficient to cover expenditures. Total revenues increased 7% primarily due to property taxes. Property tax collection improved, with increased amounts available for advance and lower outstanding delinquent amounts, and assessed real estate valuations increased during the fiscal year. However, total expenditures increased 6%, due to increased purchased services for special education, as previously mentioned, and a \$420,000 balloon lease payment that was due on the 2003 lease-purchase agreement.

Debt Service Fund. Fund balance at June 30, 2013 was \$2,259,463. The Debt Service Fund is used to accumulate resources to pay general obligation bonds. The required bond payments were made as scheduled during the current fiscal year. The fund's cash balance at year-end is adequate to make the required debt payments for the year ended June 30, 2014.

Classroom Facilities Project Fund. This fund was established during the fiscal year to account for the construction of a new elementary school building under the Ohio School Facilities Commission program. The only activity during the fiscal year was the issuance of bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The schedule comparing the School District's original and final budgets and actual results is included in the required supplementary information. During fiscal year 2013, the School District amended its General Fund budget with Clermont County as changes occurred in School District revenues and expenditures.

BATAVIA LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2013
Unaudited

Original budgeted revenues were reduced by 8% during the year as lower tax collections and State foundation payments collections were expected. However, actual revenues came in 4% higher. Original budgeted expenditures remained unchanged throughout the year. Actual expenditures exceeded final budgeted expenditures by 7% due to the General Fund covering more special education related expenditures than budgeted. See Note 16.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

At June 30, 2013, the School District had invested in a broad range of capital assets, including land, construction in progress, buildings, equipment and vehicles. See Note 5 to the financial statements for more detail.

**Capital Assets at Year-End
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>FY13</u>	<u>FY12</u>	<u>FY13</u>	<u>FY12</u>	<u>FY13</u>	<u>FY12</u>
Land	\$ 1,230,447	1,230,447	-	-	1,230,447	1,230,447
Construction in progress	-	590,165	-	-	-	590,165
Land improvements	441,786	571,702	-	-	441,786	571,702
Buildings and improvements	5,654,248	5,426,225	-	-	5,654,248	5,426,225
Equipment and furniture	334,004	120,170	12,528	14,326	346,532	134,496
Vehicles	<u>410,278</u>	<u>803,918</u>	<u>-</u>	<u>-</u>	<u>410,278</u>	<u>803,918</u>
Total	\$ <u>8,070,763</u>	<u>8,742,627</u>	<u>12,528</u>	<u>14,326</u>	<u>8,083,291</u>	<u>8,756,953</u>

Debt

During the fiscal year, the School District issued \$13.6 million in classroom facilities improvement bonds to finance its share of the construction costs on a new elementary school. See Note 10 to the financial statements.

REQUESTS FOR ADDITIONAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's office at the Batavia Local School District, 2400 Clermont Center Drive, Suite 240, Batavia, Ohio 45103.

BATAVIA LOCAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2013

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash and investments	\$ 1,454,800	160,578	1,615,378
Receivables:			
Taxes	7,792,066	-	7,792,066
Accounts	56,552	270	56,822
Intergovernmental	1,452,678	-	1,452,678
Interest	16,141	-	16,141
Supplies inventory	-	17,182	17,182
Restricted cash and investments	13,661,778	-	13,661,778
Nondepreciable capital assets	1,230,447	-	1,230,447
Depreciable capital assets, net	6,840,316	12,528	6,852,844
Total assets	<u>32,504,778</u>	<u>190,558</u>	<u>32,695,336</u>
Liabilities:			
Accounts payable	147,126	7,491	154,617
Accrued wages and benefits	1,311,725	51,673	1,363,398
Intergovernmental payable	307,502	16,578	324,080
Accrued interest payable	61,703	-	61,703
Noncurrent liabilities:			
Due within one year	882,071	4,852	886,923
Due within more than one year	19,952,735	2,967	19,955,702
Total liabilities	<u>22,662,862</u>	<u>83,561</u>	<u>22,746,423</u>
Deferred Inflows of Resources:			
Property taxes	6,530,142	-	6,530,142
Payment in lieu of taxes	838,000	-	838,000
Total deferred inflows of resources	<u>7,368,142</u>	<u>-</u>	<u>7,368,142</u>
Net Position:			
Net investment in capital assets	1,850,813	12,528	1,863,341
Restricted for:			
Debt service	2,213,307	-	2,213,307
Other purposes	215,610	-	215,610
Unrestricted (deficit)	(1,805,956)	94,469	(1,711,487)
Total net position	<u>\$ 2,473,774</u>	<u>106,997</u>	<u>2,580,771</u>

See accompanying notes to the basic financial statements.

BATAVIA LOCAL SCHOOL DISTRICT

Statement of Activities
Year Ended June 30, 2013

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 8,635,501	1,088,215	497,728	\$ (7,049,558)	-	(7,049,558)
Special education	5,771,542	-	1,120,256	(4,651,286)	-	(4,651,286)
Other instruction	11,623	-	-	(11,623)	-	(11,623)
Support services:						
Pupil	417,450	-	-	(417,450)	-	(417,450)
Instructional staff	271,273	-	-	(271,273)	-	(271,273)
Board of Education	233,819	-	-	(233,819)	-	(233,819)
Administration	1,312,814	-	97,435	(1,215,379)	-	(1,215,379)
Fiscal	542,964	-	5,400	(537,564)	-	(537,564)
Operation and maintenance of plant	1,416,346	-	-	(1,416,346)	-	(1,416,346)
Pupil transportation	1,774,889	-	-	(1,774,889)	-	(1,774,889)
Central	26,775	-	-	(26,775)	-	(26,775)
Non-instructional services:						
Extracurricular activities	420,021	90,036	-	(329,985)	-	(329,985)
Interest on long-term debt	607,832	-	-	(607,832)	-	(607,832)
Total Governmental Activities	<u>21,442,849</u>	<u>1,178,251</u>	<u>1,720,819</u>	<u>(18,543,779)</u>	<u>-</u>	<u>(18,543,779)</u>
Business-Type Activities:						
Food Service	867,859	223,140	575,502	-	(69,217)	(69,217)
Uniform School Supplies	106,013	86,428	-	-	(19,585)	(19,585)
Total Business-Type Activities	<u>973,872</u>	<u>309,568</u>	<u>575,502</u>	<u>-</u>	<u>(88,802)</u>	<u>(88,802)</u>
	\$ <u>22,416,721</u>	<u>1,487,819</u>	<u>2,296,321</u>	<u>(18,543,779)</u>	<u>(88,802)</u>	<u>(18,632,581)</u>
General Revenues:						
Property taxes, levied for general purposes				6,268,294	-	6,268,294
Property taxes, levied for debt services				893,105	-	893,105
Property taxes, levied for classroom maintenance				71,011	-	71,011
Payments in lieu of taxes				965,298	-	965,298
Grants and entitlements not restricted				9,143,122	-	9,143,122
Investment earnings				(40,785)	-	(40,785)
Miscellaneous				382,349	-	382,349
Total general revenues				<u>17,682,394</u>	<u>-</u>	<u>17,682,394</u>
Change in net position				(861,385)	(88,802)	(950,187)
Net position beginning of year				<u>3,335,159</u>	<u>195,799</u>	<u>3,530,958</u>
Net position end of year				\$ <u>2,473,774</u>	<u>106,997</u>	<u>2,580,771</u>

See accompanying notes to the basic financial statements.

BATAVIA LOCAL SCHOOL DISTRICT

Balance Sheet
 Governmental Funds
 June 30, 2013

	General	Debt Service	Classroom Facilities Project	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	\$ 140,372	1,172,713	-	141,715	1,454,800
Restricted cash and investments	78,607	-	13,583,171	-	13,661,778
Receivables:					
Taxes	6,529,528	1,169,154	-	93,384	7,792,066
Accounts	56,552	-	-	-	56,552
Accrued interest	-	-	16,141	-	16,141
Intergovernmental	697,229	145,000	-	610,449	1,452,678
Interfund receivable	-	926,150	-	-	926,150
Total assets	<u>7,502,288</u>	<u>3,413,017</u>	<u>13,599,312</u>	<u>845,548</u>	<u>25,360,165</u>
Liabilities:					
Accounts payable	90,903	-	28,575	27,648	147,126
Accrued wages and benefits	1,251,647	-	-	60,078	1,311,725
Intergovernmental payable	290,208	-	-	17,294	307,502
Interfund payable	416,324	-	-	509,826	926,150
Compensated absences payable	102,973	-	-	-	102,973
Total liabilities	<u>2,152,055</u>	<u>-</u>	<u>28,575</u>	<u>614,846</u>	<u>2,795,476</u>
Deferred Inflows of Resources:					
Property taxes	5,459,440	991,482	-	79,220	6,530,142
Payments in lieu of taxes	682,000	145,000	-	11,000	838,000
Unavailable revenue	89,088	17,072	6,082	600,813	713,055
Total deferred inflows of resources	<u>6,230,528</u>	<u>1,153,554</u>	<u>6,082</u>	<u>691,033</u>	<u>8,081,197</u>
Fund Balances:					
Restricted	78,607	2,259,463	13,564,655	132,676	16,035,401
Committed	50,335	-	-	-	50,335
Assigned	15,360	-	-	-	15,360
Unassigned (Deficit)	(1,024,597)	-	-	(593,007)	(1,617,604)
Total fund balances	<u>(880,295)</u>	<u>2,259,463</u>	<u>13,564,655</u>	<u>(460,331)</u>	<u>14,483,492</u>
Total liabilities, deferred inflows of resources and fund balance	\$ <u>7,502,288</u>	<u>3,413,017</u>	<u>13,599,312</u>	<u>845,548</u>	<u>25,360,165</u>

See accompanying notes to the basic financial statements.

BATAVIA LOCAL SCHOOL DISTRICT
 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2013

Total Governmental Fund Balances		\$ 14,483,492
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		8,070,763
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.		713,055
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	19,528,687	
Accreted interest on bonds	1,525	
Compensated absences	939,621	
Lease-purchase agreement	262,000	
Accrued interest payable	<u>61,703</u>	
Total		<u>(20,793,536)</u>
Net Position of Governmental Activities		\$ <u><u>2,473,774</u></u>

BATAVIA LOCAL SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2013

	General	Debt Service	Classroom Facilities Project	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 6,349,542	885,956	-	69,647	7,305,145
Tuition and fees	1,088,215	-	-	-	1,088,215
Investment earnings	982	-	(47,849)	-	(46,867)
Payments in lieu of taxes	833,823	131,475	-	-	965,298
Intergovernmental	9,082,748	90,394	-	1,338,269	10,511,411
Other local revenues	373,051	-	-	99,334	472,385
Total revenues	<u>17,728,361</u>	<u>1,107,825</u>	<u>(47,849)</u>	<u>1,507,250</u>	<u>20,295,587</u>
Expenditures:					
Current:					
Instruction:					
Regular	7,581,426	-	-	595,802	8,177,228
Special education	4,694,706	-	-	1,070,826	5,765,532
Other instruction	16,250	-	-	-	16,250
Support services:					
Pupil	414,673	-	-	-	414,673
Instructional staff	267,551	-	-	960	268,511
Board of Education	233,819	-	-	-	233,819
Administration	1,263,421	-	-	40,469	1,303,890
Fiscal	527,667	7,242	-	6,303	541,212
Operation and maintenance of plant	1,243,902	-	-	-	1,243,902
Pupil transportation	1,383,562	-	-	-	1,383,562
Central	26,775	-	-	-	26,775
Non-instructional services:					
Extracurricular activities	225,881	-	-	112,745	338,626
Capital outlay	300,820	-	30,638	100,717	432,175
Debt Service:					
Principal	488,820	53,929	-	-	542,749
Interest and fiscal charges	36,131	662,530	-	-	698,661
Bond issuance costs	-	-	180,545	-	180,545
Total expenditures	<u>18,705,404</u>	<u>723,701</u>	<u>211,183</u>	<u>1,927,822</u>	<u>21,568,110</u>
Excess of revenues over (under) expenditures	<u>(977,043)</u>	<u>384,124</u>	<u>(259,032)</u>	<u>(420,572)</u>	<u>(1,272,523)</u>
Other financing sources (uses):					
Transfers in	-	-	-	65,910	65,910
Transfers out	(65,910)	-	-	-	(65,910)
Issuance of bonds	-	-	13,642,448	-	13,642,448
Premium on bonds issued	-	-	181,239	-	181,239
Inception of capital leases	300,820	-	-	-	300,820
Total other financing sources (uses):	<u>234,910</u>	<u>-</u>	<u>13,823,687</u>	<u>65,910</u>	<u>14,124,507</u>
Net change in fund balance	(742,133)	384,124	13,564,655	(354,662)	12,851,984
Fund balance, beginning of year	(138,162)	1,875,339	-	(105,669)	1,631,508
Fund balance, end of year	\$ <u>(880,295)</u>	<u>2,259,463</u>	<u>13,564,655</u>	<u>(460,331)</u>	<u>14,483,492</u>

See accompanying notes to the basic financial statements.

BATAVIA LOCAL SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds to the Statement of Activities
 Year Ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds	\$	12,851,984
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital outlay		300,820
Depreciation expense		(972,684)
<p>Repayment of capital appreciation bond principal and accreted interest is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		390,000
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		30,000
<p>Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		458,820
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.</p>		
		(37,793)
<p>Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
		(16,998)
<p>Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows in the funds.</p>		
		285,877
<p>Accretion of capital appreciation bonds do not require use of current financial resources are not reported in the governmental funds</p>		
		(26,904)
<p>Issuance of bonds, and related premiums, and the inception of capital leases provide current financial resources to governmental funds, whereas liabilities are recorded on the statement of net position.</p>		
		<u>(14,124,507)</u>
Change in Net Position of Governmental Activities	\$	<u>(861,385)</u>

BATAVIA LOCAL SCHOOL DISTRICT

Statement of Net Position

Proprietary Funds

June 30, 2013

	<u>Nonmajor Enterprise Funds</u>
Assets:	
Current assets:	
Equity in pooled cash and investments	\$ 160,578
Receivables:	
Accounts	270
Supplies inventory	<u>17,182</u>
Total current assets	<u>178,030</u>
Noncurrent assets:	
Capital assets, net	<u>12,528</u>
Total assets	<u>190,558</u>
Liabilities:	
Current liabilities:	
Accounts payable	7,491
Accrued wages	51,673
Intergovernmental payable	16,578
Compensated absences	<u>4,852</u>
Total current liabilities	<u>80,594</u>
Noncurrent liabilities:	
Compensated absences	<u>2,967</u>
Total liabilities	<u>83,561</u>
Net Position:	
Investment in capital assets	12,528
Unrestricted	<u>94,469</u>
Total net position	<u>\$ 106,997</u>

See accompanying notes to the basic financial statements.

BATAVIA LOCAL SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

Year Ended June 30, 2013

	Nonmajor Enterprise Funds
Operating revenues:	
Charges for services	\$ <u>309,568</u>
Total operating revenues	<u>309,568</u>
Operating expenses:	
Salaries and wages	242,482
Fringe benefits	174,245
Contractual services	12,634
Materials and supplies	542,713
Depreciation	<u>1,798</u>
Total operating expenses	<u>973,872</u>
Operating loss	(664,304)
Nonoperating revenues:	
Federal and state grants	<u>575,502</u>
Total nonoperating revenues	<u>575,502</u>
Change in net position	(88,802)
Net position, beginning of year	<u>195,799</u>
Net position, end of year	\$ <u><u>106,997</u></u>

See accompanying notes to the basic financial statements.

BATAVIA LOCAL SCHOOL DISTRICT

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2013

	Nonmajor Enterprise Funds
Cash flows from operating activities:	
Cash received from customers	\$ 311,202
Cash payments for personal services	(409,331)
Cash payments for contract services	(12,634)
Cash payments for supplies and materials	(447,449)
Cash payments for other expenses	(19,814)
Net cash used for operating activities	<u>(578,026)</u>
Cash flows from noncapital financing activities:	
Cash received from federal and state grants	<u>576,775</u>
Net cash provided by noncapital financing activities	<u>576,775</u>
Change in cash and cash equivalents	(1,251)
Cash and cash equivalents at beginning of year	<u>161,829</u>
Cash and cash equivalents at end of year	\$ <u><u>160,578</u></u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	(664,304)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	1,798
Donated commodities used	69,572
Changes in assets and liabilities:	
Accounts receivable	1,634
Accounts payable	4,167
Supplies inventory	1,711
Accrued wages and benefits	13,069
Intergovernmental payable	(5,388)
Compensated absences payable	<u>(285)</u>
Net cash used for operating activities	\$ <u><u>(578,026)</u></u>

See accompanying notes to the basic financial statements.

BATAVIA LOCAL SCHOOL DISTRICT

Statement of Net Position

Fiduciary Funds

June 30, 2013

	Private Purpose Trust	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Equity in pooled cash and investments	\$ <u>8,529</u>	<u>48,333</u>
Total assets	<u><u>8,529</u></u>	<u><u>48,333</u></u>
 LIABILITIES		
Due to student groups	<u>-</u>	<u>48,333</u>
Total liabilities	<u>-</u>	<u><u>48,333</u></u>
 NET POSITION		
Held in trust	\$ <u><u>8,529</u></u>	

See accompanying notes to the basic financial statements.

BATAVIA LOCAL SCHOOL DISTRICT

Statement of Changes in Net Position

Fiduciary Funds

Year Ended June 30, 2013

	<u>Private Purpose Trust</u>
Additions:	
Contributions	\$ -
Total additions	<u>-</u>
Deductions:	
Community gifts, awards and scholarships	<u>-</u>
Total deductions	<u>-</u>
 Change in net position	 -
 Net position, beginning of year	 <u>8,529</u>
Net position, end of year	\$ <u><u>8,529</u></u>

See accompanying notes to the basic financial statements.

This page intentionally left blank.

BATAVIA LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally elected Board of Education (five members) and is responsible for the education of the residents of the School District. The Board controls the School District's four instructional support facilities providing education to approximately 2,100 students.

The reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the 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. The School District has no component units.

The School District is associated with four organizations, two of which are defined as jointly governed organizations and two are insurance purchasing pools. These organizations include Hamilton Clermont Cooperative Association, the Great Oaks Institute of Technology and Career Development, the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan, and the Clermont County Health Trust. These organizations are presented in Notes 12 and 13 to the basic financial statements.

BATAVIA LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2013

B. Basis of Presentation

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 financials activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which the governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements Fund financial statements report detailed information about the School District. The focus of governmental and proprietary financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, liabilities, and deferred inflows of resources are generally included on the balance sheet. Operating statements of these funds present sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

BATAVIA LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2013

Operating revenues and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Fund Accounting

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are grouped into the categories governmental, proprietary, and fiduciary.

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets less deferred inflows of resources and liabilities is reported as fund balance. The following are the School District's major governmental funds:

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

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

Classroom Facilities Project Fund – This fund is used to account for the school improvement activities under the Ohio Classroom Facilities Commission program.

Proprietary funds are used to account for the School District's ongoing activities that are similar to those found in the private sector where the intent of the governing body is that the cost of providing goods and services to the general public be financed or recovered primarily through user charges. The School District has no major proprietary funds.

Fiduciary Funds report on net position and changes in net position. The School District's fiduciary funds consist of a private-purpose trust fund and agency funds. The School District's only private-purpose trust fund accounts for scholarship programs for students. These assets are not available for the School District's use. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations and are used to account for student activities.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made. The modified accrual basis of accounting is used by the governmental funds.

On a modified accrual basis, revenues are recorded when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end. Under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, interest, tuition, student fees, and grants. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable except for unmatured principal and interest on general long-term debt as well as expenditures related to compensated absences which are recognized when due. Allocations of cost, such as depreciation, are not recognized in the governmental funds.

Government-wide financial statements are prepared using the accrual basis of accounting. Also, proprietary funds and fiduciary funds utilize accrual accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues - Exchange and Non-exchange transactions. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the School District receives value without directly giving value in return, include property taxes, payments in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes were levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

BATAVIA LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2013

Deferred Inflows of Resources. In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Receivables for property taxes and payment in lieu of taxes represent amounts that are measurable as of June 30, 2013, but are intended to finance fiscal year 2014 operations. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental fund financial statements and represent receivables that will not be collected within the available period.

E. **Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Clermont County Budget Commission for rate determination.

Estimated Resources. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer.

BATAVIA LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2013

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriate resolutions, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the level of control.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions. The Board passed supplemental appropriations during the fiscal year.

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

Lapsing of Appropriations At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

F. Cash and Investments

To improve cash management, all cash received by the School District is pooled in central bank accounts. Monies for all funds are maintained in these accounts or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements. During fiscal year 2013, the School District's investments were limited to U.S. money markets and U.S. agency securities.

The Governmental Accounting Standards Board Statement No. 31 (GASB 31), "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", requires that investments be recorded at their fair value and that changes in the fair value be reported in the operating statement. At June 30, 2013, the fair value of investments approximates cost.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to agency funds, certain trust funds, and those funds individually authorized by Board resolution. Interest is allocated to these funds based on average monthly cash balance.

BATAVIA LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2013

For purposes of the statement of cash flows, the proprietary funds' portion of equity in pooled cash and cash equivalents is considered to be liquid because the proprietary fund portion of the pool can be accessed without prior notice or penalty.

G. Inventory

Inventories of proprietary funds are stated at the cost. Cost is determined on a first-in, first-out basis. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type columns in the government-wide financial statements. The School District defines capital assets as those with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are capitalized at cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated fair values as of the date received. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are reported as expenditures of the current period in the governmental fund financial statements.

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

Land improvements	15 years
Buildings and improvements	20-50 years
Equipment and furniture	3-20 years
Vehicles	10 years

I. Interfund Balances

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

J. Compensated Absences

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

BATAVIA LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2013

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

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that has matured, for example, as a result of employee resignations and retirements.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources with the exception of compensated absences as noted above.

L. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. Restricted assets in the classroom facilities project fund represents bond proceeds restricted for the planned construction of a new elementary school.

M. Fund Balance

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in a spendable form, or legally or contractually required to be maintained intact. The “not in a spendable form” criterion includes items that are not expected to be converted to cash.

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

BATAVIA LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2013

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

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

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

N. Net Position

Net position represents the difference between assets less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School District had no net position restricted by enabling legislation at year-end.

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

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

O. Estimates

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

2. DEPOSITS AND INVESTMENTS

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

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

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

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

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

Interim monies are permitted to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the 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;

BATAVIA LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2013

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and amended by GASB Statement No. 40 "Deposit and Investment Risk Disclosures":

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a custodial credit risk policy. However, protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the financial institution holding the deposits. By Ohio law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds on deposit with that specific financial institution. At year-end, the School District's bank balance of \$9,857,214 was either covered by FDIC or collateralized in the manner described above.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

Investments

The School District's investments at June 30, 2013 are summarized as follows:

	<u>Fair Value</u>	<u>Average Maturity Years</u>	<u>Concentration of Credit Risk</u>
FNMA	\$ 2,657,011	3.55	47%
FHLMC	1,523,340	4.30	27%
Money markets	1,433,987	n/a	26%
	<u>\$ 5,614,338</u>		<u>100%</u>

Credit Risk. It is the School District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings by nationally recognized statistical rating organizations. The School District's investments in FNMA and FHLMC were rated AA+ by Standard & Poor's and Aaa by Moody's.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a failure of a counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment securities are registered in the name of the School District.

Interest Rate Risk. In accordance with the investment policy, the School District manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to five years.

3. 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 collections are received by the School District in the second half of the fiscal year. Second half distributions occur in the first half the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2013 represent collections 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 in calendar year 2013 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

The School District receives property taxes from the Clermont County Auditor, who periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 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.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes, which became measurable as of June 30, 2013. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2013 was \$981,000 in the General Fund, \$160,600 in the Debt Service Fund and \$12,800 in the Other Governmental Funds.

The assessed values upon which fiscal year 2013 taxes were collected are:

	<u>2012 Second- Half Collections</u>		<u>2013 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 188,975,620	95.20%	190,474,560	94.94%
Public Utility	<u>9,518,040</u>	4.80%	<u>10,155,130</u>	5.06%
Total Assessed Value	\$ <u>198,493,660</u>	100.00%	<u>200,629,690</u>	100.00%
Tax rate per \$1,000 of assessed valuation		\$51.85		\$59.11

4. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2013 consisted of the following interfund receivables/payables and transfers in/out:

	<u>Interfund</u>		<u>Transfers</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General Fund	\$ -	416,324	-	65,910
Debt Service Fund	926,150	-	-	-
Other Governmental Funds	-	509,826	65,910	-
	\$ <u>926,150</u>	<u>926,150</u>	<u>65,910</u>	<u>65,910</u>

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

The interfund loans were made to provide operating capital. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance 7/1/12	Additions	Disposals	Balance 6/30/13
<i>Governmental Activities</i>				
Nondepreciable:				
Land	\$ 1,230,447	-	-	1,230,447
Construction in progress	590,165	-	(590,165)	-
Subtotal	<u>1,820,612</u>	<u>-</u>	<u>(590,165)</u>	<u>1,230,447</u>
Depreciable:				
Land improvements	2,936,525	-	-	2,936,525
Buildings and improvements	13,499,491	590,165	-	14,089,656
Equipment and furniture	1,079,956	300,820	-	1,380,776
Vehicles	3,402,223	-	-	3,402,223
Subtotal	<u>20,918,195</u>	<u>890,985</u>	<u>-</u>	<u>21,809,180</u>
Totals at historical cost	<u>22,738,807</u>	<u>890,985</u>	<u>(590,165)</u>	<u>23,039,627</u>
Less accumulated depreciation:				
Land improvements	2,364,823	129,916	-	2,494,739
Buildings and improvements	8,073,266	362,142	-	8,435,408
Equipment and furniture	959,786	86,986	-	1,046,772
Vehicles	2,598,305	393,640	-	2,991,945
Total accumulated depreciation	<u>13,996,180</u>	<u>972,684</u>	<u>-</u>	<u>14,968,864</u>
Capital assets, net	<u>\$ 8,742,627</u>	<u>(81,699)</u>	<u>(590,165)</u>	<u>8,070,763</u>

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

Depreciation expense was charged to functions as follows:

Instruction:		
Regular	\$	455,518
Support services:		
Instructional staff		1,340
Fiscal		1,320
Operation and maintenance of plant		39,089
Pupil transportation		394,007
Extracurricular activities		<u>81,410</u>
Total depreciation expense	\$	<u><u>972,684</u></u>

	Balance 7/1/12	Additions	Disposals	Balance 6/30/13
<i>Business-type Activities:</i>				
Furniture and equipment	\$ 179,764	-	-	179,764
Less accumulated depreciation	<u>165,438</u>	<u>1,798</u>	<u>-</u>	<u>167,236</u>
Capital assets, net	<u>\$ 14,326</u>	<u>(1,798)</u>	<u>-</u>	<u>12,528</u>

Depreciation expense of \$1,798 was charged to the food services segment.

6. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the School District contracted with commercial carriers for property and fleet insurance, liability insurance and inland marine coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage in the last year.

For fiscal year 2013, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 13). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund".

BATAVIA LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2013

This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

For fiscal year 2013, the School District participated in the Clermont County Health Trust (the Trust), a group insurance purchasing pool (Note 13), in order to provide dental, life, medical, and disability benefits to employees, their dependents and designated beneficiaries and to set aside funds for such purposes. The Trustee provides insurance policies in whole or in part through one or more group insurance policies.

7. PENSION PLANS

School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (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 state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by, the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10%. The remaining 0.90% of the 14% employer contribution rate was allocated to the Health Care and Medicare B Funds. The School District's required contributions to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$314,000, \$326,000, and \$293,000, respectively. Approximately 87% has been contributed for fiscal year 2013 and 100% for the fiscal years 2012 and 2011, respectively. The current portion of the unpaid contribution for fiscal year 2013 is recorded as a liability within the financial statements.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a statewide cost-sharing, multiple-employer public employee retirement system for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. STRS Ohio issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by contacting STRS Ohio, 275 E. Broad St., Columbus, Ohio 43215-3771.

New members have a choice of three retirement plans options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Member contributions under the Combined Plan are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contribution with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Plan members are required to contribution 10% of their annual covered salary and the School District was required to contribute 14%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contributions to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$1,077,000, \$1,111,000, and \$936,000, respectively. Approximately 82% has been contributed for fiscal year 2013 and 100% for the fiscal years 2012 and 2011, respectively. The unpaid contribution for fiscal year 2013 is recorded as a liability in the respective funds.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

Social Security System

All employees not otherwise covered by SERS or STRS have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. Members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

8. POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the STRS Ohio, and to retired non-certified employees and their dependents through the SERS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by state statute.

State Teachers Retirement System

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for years ended June 30, 2013, 2012 and 2011. The 14% employer contribution rate is the maximum rate established under Ohio law. The School District's required contributions for post-employment health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$77,000, \$79,000, and \$67,000, respectively. Approximately 82% has been contributed for fiscal year 2013 and 100% for the fiscal years 2012 and 2011, respectively.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

School Employees Retirement System

In addition to the cost-sharing, multiple-employer defined benefit pension plan, the SERS Ohio administers two postemployment benefit plans:

Medicare Part B Plan - The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B fund. For fiscal year 2013, the actuarially required allocation was 0.74%. The School District's contributions for the years ended June 30, 2013, 2012, and 2011, was \$17,000, \$17,000, and \$16,000, respectively, which equaled the required contributions each year.

Health Care Plan - ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health care plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2013, the health care allocation was 0.16%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District contributions to health care for the years ended June 30, 2013, 2012, and 2011 were \$4,000, \$13,000, and \$30,000, respectively.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

9. EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. All employees earn sick leave at the rate of 1.25 days per month. Sick leave may be accumulated up to maximum of 268 days for teachers, 245 days for classified staff and unlimited days for administrators. Upon retirement, payment is made for 25% of the employee's accumulated sick leave up to a maximum of 67 days for teachers and administrators, and 61.25 days for classified employees.

10. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Principal Outstanding 7/1/12	Additions	Reductions	Principal Outstanding 6/30/13	Amounts Due in One Year
<i>Governmental Activities:</i>					
General obligation bonds	\$ 5,788,929	13,642,448	(83,929)	19,347,448	655,000
Accreted interest on bonds	310,692	26,904	(336,071)	1,525	-
Unamortized premiums	-	181,239	-	181,239	-
Lease-purchase agreements	420,000	-	(420,000)	-	-
Capital leases	-	300,820	(38,820)	262,000	54,967
Compensated absences	922,623	184,546	(64,575)	1,042,594	172,104
Total	7,442,244	14,335,957	(943,395)	20,834,806	882,071
<i>Business-type Activities:</i>					
Compensated absences	\$ 8,104	2,655	(2,940)	7,819	4,852

Batavia Junior High School Addition General Obligation Bonds – In 1998, the School District issued \$9,150,000 in voted general obligation bonds for the purpose of an addition and improvements to the junior high school building. The bonds were issued for a 25-year period paying 3.5-13.9% interest with final maturity at December 1, 2022 and will be retired from the Debt Service Fund.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

HB 264, Series 2011 School Improvement Bonds – In August 2011, the School District issued \$520,000 in HB 264, Series 2011 School Improvement Bonds, composed of two series, one due on December 1, 2018 and the other due on December 1, 2025, paying with interest rates between 2.75% and 4.00%, respectively, to finance energy conservation projects and will be retired from the General Fund.

Series 2013 Classroom Facilities School Improvement Bonds – In April 2013, the School District issued \$9,822,448 in unlimited tax general obligation bonds, comprised of serial, term and capital appreciation bonds, to finance the construction of a new elementary school building. These bonds have a final maturity of December 1, 2032, bear interest rates ranging from 1.50 to 7.17%, and will be retired from the Debt Service Fund.

Series 2013B Classroom Facilities School Improvement Bonds – In May 2013, the School District issued \$3,820,000 in general obligation bonds, comprised of serial and term bonds, to refinance bond anticipation notes issued in December 2012, to finance the construction of the new elementary school building. These bonds have a final maturity of December 1, 2040, bear interest rates ranging from 1.375% to 4.0%, and will be retired from the Debt Service Fund.

Lease-Purchase Agreement – In 2003, the School District entered into a lease-purchase agreement for the purchase of buses. The School District is leasing the buses from Rickenbacker Port Authority which assigned U.S. Bank as trustee and transferred rights, title and interest in the buses to the trustee. The School District is required to make monthly payments with interest at a variable interest rate based on the TBMA Index. The 2003 lease was renewable annually and expired during the fiscal year.

Capital Leases – During the fiscal year, the School District entered into capital lease agreements for phone and copier equipment in the amount of \$300,820. These leases meet the criteria of a capital lease as defined by generally accepted accounting principles, which define a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments will be reflected as debt service expenditures in the governmental funds.

All general obligation debt is supported by the full faith and credit of the School District. Compensated absences will be paid from the fund from which the employees' salaries are paid, generally the General and Food Service funds.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

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

Fiscal Year Ending June 30,		Principal	Interest	Total
2014	\$	655,000	753,524	1,408,524
2015		830,000	678,557	1,508,557
2016		855,000	647,332	1,502,332
2017		885,000	614,797	1,499,797
2018		925,000	580,669	1,505,669
2019-2023		5,037,448	2,447,185	7,484,633
2024-2028		2,345,000	1,611,993	3,956,993
2029-2033		2,580,000	1,241,388	3,821,388
2034-2038		3,085,000	717,309	3,802,309
2039-2041		2,150,000	128,893	2,278,893
Total	\$	<u>19,347,448</u>	<u>9,421,647</u>	<u>28,769,095</u>

The following is a schedule of future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2013:

Fiscal Year Ending June 30,		Capital Leases
2014	\$	77,110
2015		77,110
2016		77,110
2017		77,110
2018		<u>19,278</u>
Total		327,718
Less amount representing interest		<u>(65,718)</u>
Present value of minimum lease payments	\$	<u>262,000</u>

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

11. FUND BALANCES

Governmental fund balance is classified as 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 the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Governmental Fund Balances	General	Debt Service	Classroom Facilities Project	Other Governmental Funds	Total Governmental Funds
<i>Restricted for</i>					
Set-asides	\$ 78,607	-	-	-	78,607
Classroom Facilities	-	-	13,564,655	70,572	13,635,227
Scholarships	-	-	-	25,376	25,376
Athletics	-	-	-	11,155	11,155
Limited English Proficiency	-	-	-	1,140	1,140
Other Purposes	-	-	-	24,433	24,433
Debt Service Payments	-	2,259,463	-	-	2,259,463
<i>Total Restricted</i>	78,607	2,259,463	13,564,655	132,676	16,035,401
<i>Committed to</i>					
Employee Benefits	50,335	-	-	-	50,335
<i>Assigned to</i>					
Public School Support	15,360	-	-	-	15,360
<i>Unassigned (Deficit)</i>	(1,024,597)	-	-	(593,007)	(1,617,604)
<i>Total</i>	\$ (880,295)	2,259,463	13,564,655	(460,331)	14,483,492

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

12. JOINTLY GOVERNED ORGANIZATIONS

The Hamilton Clermont Cooperative Association

The School District is a participant in a two-county consortium of school districts that operate the Hamilton/Clermont Cooperative Association (H/CCA). H/CCA is an association of public districts in a geographic area determined by the Ohio Department of Education. 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 districts. The Board of H/CCA consists of one representative from each of the participating members. Complete financial statements for H/CCA can be obtained from their administrative offices at 7615 Harrison Avenue, Cincinnati 45231.

The Great Oaks Institute of Technology and Career Development

The Great Oaks Institute of Technology and Career Development, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school district's elected board. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established by the Ohio Revised Code. Great Oaks was formed for the purpose of providing vocational education opportunities to the students of the member school districts, which includes the students of the School District. The School District has no ongoing financial interest in nor responsibility for Great Oaks. To obtain financial information, write to Great Oaks at 3254 East Kemper Road, Cincinnati, Ohio 45241.

13. INSURANCE PURCHASING POOLS

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The School District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OASBO. The Executive Director of the OASBO, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

The Clermont County Health Trust

The Clermont County Health Trust (the Trust), an insurance purchasing pool, is a health trust formed to provide affordable and desirable dental, life, medical, and other disability group insurance for member's employees, eligible dependents and designated beneficiaries of such employees. The Board of Directors consists of one representative from each of the participating members and is elected by the vote of a majority of the member school districts. The School District pays premiums to a third party administrator which in turns buys the insurance policies from various insurance companies. Upon termination, the School District shall be responsible for prompt payment of all plan liabilities accruing as a result of such termination and maintain no right to any assets of the Trust. The School District may terminate participation in the Trust for the benefit of its employees upon written notice to the Trustee delivered at least sixty days prior to the annual review date of the policy. Financial information can be obtained from the Clermont County Health Trust at P. O. Box 526, Middletown, Ohio 45042.

14. CONTINGENCIES

Federal and State Funding

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, the effects of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

Litigation

The School District is party to legal proceedings and is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

15. REQUIRED SET-ASIDES

The School District is required by State Statute to annually set aside in the general fund an amount based on the statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. Although no longer required by state statute, a budget stabilization reserve may still be set aside at the discretion of the School District.

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

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

		<u>Capital</u> <u>Improvements</u>	<u>Budget</u> <u>Stabilization</u>
Set-aside reserve balance as of June 30, 2012	\$	-	78,607
Current year set-aside requirement		354,959	-
Current year qualifying expenditures		(195,590)	-
Current year offsets		(50,627)	-
Unused bond proceeds for classroom facilities		<u>(108,742)</u>	<u>-</u>
Total		<u>-</u>	<u>78,607</u>
Set-aside reserve balance as of June 30, 2013	\$	<u>-</u>	<u>78,607</u>

16. ACCOUNTABILITY AND COMPLIANCE

Accountability

At June 30, 2013, the following funds had a deficit fund balance:

General Fund	\$880,295
Other Governmental Funds:	
Permanent Improvement Fund	\$2,963
Race to the Top Fund	\$166,317
Special Education Fund	\$45,890
Vocational Education Fund	\$777
Title I Fund	\$314,514
Improving Teacher Quality Grant Fund	\$62,546

The deficit fund balances were created by the application of generally accepted accounting principles. Transfers are made to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Compliance

The General Fund ended the fiscal year with a deficit fund balance, which was eliminated shortly after year-end, as a result of timing of anticipated receipts to cover temporary shortfalls in Federal program funds and a balloon lease payment due at the end of the fiscal year.

The General Fund had total expenditures in excess of appropriations for the fiscal year ended June 30, 2013.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2013

17. SHORT-TERM OBLIGATIONS

In December 2012, the School District issued bond anticipation notes of \$3,820,000, with interest of 1.5% maturing in May 2013, to finance the School District's local share of school construction under the State Classroom Facilities Assistance Program. These notes were refunded in May 2013 with the issuance of Series 2013B Classroom Facilities School Improvement bonds (see Note 10).

18. CHANGE IN ACCOUNTING PRINCIPLES

The School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 62 incorporates Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants' (AICPA) accounting and financial reporting guidance issued on or before November 30, 1989 into GASB authoritative literature. GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. GASB Statement No. 65 reclassifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses/expenditures) or inflows of resources (revenues).

BATAVIA LOCAL SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes	6,428,000	5,927,968	6,185,542	257,574
Payments in lieu of taxes	867,000	799,102	833,823	34,721
Tuition and fees	131,000	121,104	126,366	5,262
Interest	1,200	1,091	1,138	47
Intergovernmental	10,406,000	9,595,380	10,012,305	416,925
Other local revenues	240,295	221,489	231,113	9,624
Total revenues	<u>18,073,495</u>	<u>16,666,134</u>	<u>17,390,287</u>	<u>724,153</u>
Expenditures:				
Current:				
Instruction:				
Regular	7,992,590	7,992,590	7,480,866	511,724
Special education	3,198,215	3,198,215	5,006,355	(1,808,140)
Other instruction	85,935	85,935	24,185	61,750
Support services:				
Pupil	404,697	404,697	408,710	(4,013)
Instructional staff	289,423	289,423	267,330	22,093
Board of Education	175,385	175,385	236,542	(61,157)
Administration	1,150,563	1,150,563	1,216,127	(65,564)
Fiscal	445,671	445,671	535,209	(89,538)
Operation and maintenance of plant	1,376,940	1,376,940	1,347,857	29,083
Pupil transportation	1,335,335	1,335,335	1,412,201	(76,866)
Central	2,055	2,055	26,775	(24,720)
Non-instructional services:				
Extracurricular activities	249,046	249,046	225,528	23,518
Capital outlay	542,891	542,891	407,644	135,247
Debt service	34,927	34,927	46,513	(11,586)
Total expenditures	<u>17,283,673</u>	<u>17,283,673</u>	<u>18,641,842</u>	<u>(1,358,169)</u>
Excess of revenues over expenditures	789,822	(617,539)	(1,251,555)	(634,016)
Other financing sources (uses):				
Transfers out	(119,000)	(119,000)	(190,911)	(71,911)
Other financing sources	35,000	33,866	33,866	-
Total other financing sources (uses):	<u>(84,000)</u>	<u>(85,134)</u>	<u>(157,045)</u>	<u>(71,911)</u>
Net change in fund balance	705,822	(702,673)	(1,408,600)	(705,927)
Fund balance, beginning of year	471,627	471,627	471,627	
Prior year encumbrances appropriated	316,516	316,516	316,516	
Fund balance, end of year	<u>1,493,965</u>	<u>85,470</u>	<u>(620,457)</u>	

See accompanying notes to required supplementary information.

BATAVIA LOCAL SCHOOL DISTRICT

Notes to Required Supplementary Information

Year Ended June 30, 2013

Note A Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

Certain funds accounted for as separate funds internally with legally adopted budgets (budget basis) do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Encumbrances are treated as expenditures for all funds (budget basis) rather than as an expenditure when liquidated (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP statements and the budgetary basis schedule:

Net change in fund balance - GAAP Basis	\$	<u>General</u> (742,133)
Increase / (decrease):		
Due to inclusion of the Public School Support Fund		8,028
Due to inclusion of the Employee Benefits Fund		(50,007)
Due to revenues		(269,026)
Due to expenditures		194,230
Due to other sources (uses)		(266,955)
Due to encumbrances		<u>(282,737)</u>
Net change in fund balance - Budget Basis	\$	<u>(1,408,600)</u>

BATAVIA LOCAL SCHOOL DISTRICT
CLERMONT COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
YEAR ENDED JUNE 30, 2013

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Distribution):						
National School Lunch Program	N/A	10.555	\$0	\$69,572	\$0	\$69,572
Cash Assistance:						
National School Breakfast Program	3L70	10.553	125,216	0	125,216	0
National School Lunch Program	3L60	10.555	440,520	0	440,520	0
Total U.S. Department of Agriculture - Total Child Nutrition Cluster			565,736	69,572	565,736	69,572
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Title I, Part A Cluster:						
Grants to Local Educational Agencies (Title I)	3M00	84.010	529,750	0	756,389	0
ARRA - Title I	3DK0	84.389	20,668	0	20,668	0
Total Title I, Part A Cluster			550,418	0	777,057	0
Special Education Cluster:						
Special Education Grants to States (IDEA part B)	3M20	84.027	320,956	0	366,627	0
ARRA - Teacher Incentive Fund	3EC0	84.385A	406,427	0	368,096	0
Title III - English Language Acquisition Grants	3Y70	84.365	1,683	0	543	0
Title II-A - Improving Teacher Quality State Grants	3Y60	84.367	6,927	0	61,878	0
ARRA - Race to the Top	3FD0	84.395A	44,050	0	73,654	0
Education Jobs	3ET0	84.410	180	0	180	0
<i>Passed through the Great Oaks Institute of Technology & Career Development:</i>						
Career and Technical Education-Basic Grants to States (Carl Perkins)	N/A	84.048	400	0	2,020	0
Total U.S. Department of Education			1,331,041	0	1,650,055	0
Totals			\$1,896,777	\$69,572	\$2,215,791	\$69,572

The accompanying notes to this schedule are an integral part of this schedule.

**BATAVIA LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Batavia Local School District's (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE C - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE D – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

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

Batavia Local School District
Clermont County
2400 Clermont Center Drive
Suite 240
Batavia, Ohio 45103

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, the business-type activities, each major fund, and the aggregate remaining fund information of Batavia Local School District, Clermont County, Ohio (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 20, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the 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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a 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 Entity'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. We consider findings 2013-001 and 2013-003 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2013-001 and 2013-002.

Entity's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

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 District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

April 20, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Batavia Local School District
Clermont County
2400 Clermont Center Drive
Suite 240
Batavia, Ohio 45103

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Batavia Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Batavia Local School District's major federal programs for the year ended June 30, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Basis for Qualified Opinion on All Major Federal Programs

As described in Findings 2013-004 and 2013-005 in the accompanying schedule of findings, the District did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2013-004	84.385A	ARRA - Teacher Incentive Fund	Cash Management
2013-005	84.385A 84.395A 10.553 & 10.555	ARRA - Teacher Incentive Fund ARRA - Race to the Top Child Nutrition Cluster: National School Breakfast Program and National School Lunch Program	Reporting

Compliance with these requirements is necessary, in our opinion, for the District to comply with the requirements applicable to these programs.

Qualified Opinion on All Major Federal Programs

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on All Major Federal Programs* paragraph, the Batavia Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect all of the major federal programs for the year ended June 30, 2013.

The District's responses to our noncompliance findings are described in the accompanying schedule of findings and corrective action plan. We did not audit the District's responses and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as item 2013-004 to be a material weaknesses.

The District's responses to our internal control over compliance findings are described in the accompanying schedule of findings and corrective action plan. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

April 20, 2015

This page intentionally left blank.

**BATAVIA LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Modified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	CFDA # 84.385A – ARRA – Teacher Incentive Fund CFDA # 84.395A – ARRA – Race to the Top Child Nutrition Cluster: CFDA # 10.553 – National School Breakfast Program CFDA # 10.555 – National School Lunch Program
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
 REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2013-001

Material Noncompliance/Material Weakness

Ohio Rev. Code, § 5705.10(H), states that money paid into any fund shall be used only for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund. Contrary to Ohio law, the District had the following negative cash fund balances at June 30, 2013:

Fund	Cash Balance
General	(\$249,468)
Race to the Top	(\$164,006)
IDEA Part B	(\$45,671)
Title I	(\$244,477)
Improving Teacher Quality	(\$54,951)

Failure to monitor budgetary activity can result in overspending and negative fund balances.

We recommend that the District monitor its available fund balance and budgetary activity monthly.

Officials' Response:

General Fund – The reason for this negative fund balance is there was a balloon payment due on the lease for busses that was due 7/1/13 and the bank drafted this payment on 6/30/13 in the amount of \$420,000. Had the draft been made on 7/1/13 there would not have been a negative balance. This has now been corrected.

Race to the Top – The reason for this negative fund balance is that project cash requests were not submitted timely, partially due to numerous revisions and changes to the Race to the Top program. Fiscal year 2015 is the last year for Race to the Top. Going forward, project cash requests will be submitted monthly.

IDEA Part B – The reason for this negative fund balance is that project cash requests were not submitted timely. Going forward, project cash requests will be submitted timely.

Improving Teacher Quality – The reason for this negative fund balance is that project cash requests were not submitted timely. Going forward, project cash requests will be submitted timely.

FINDING NUMBER 2013-002

Material Noncompliance

Ohio Rev. Code, § 5705.41 (B), states that no subdivision or taxing unit is to expend money unless it has been appropriated.

Contrary to this section, the District's final appropriations totaled \$17,402,673 and actual expenditures plus outstanding encumbrances totaled \$18,832,753 as reflected in the District's budget and actual schedule included in the accompanying financial statements.

Failure to monitor budgetary activity can result in overspending and negative fund balances as reflected in Finding Number 2013-001.

We recommend the District monitor its budgetary activity and ensure that expenditures do not exceed appropriations approved by the Board of Education.

Officials' Response:

We did not receive a response from Official's to this finding.

FINDING NUMBER 2013-003

Material Weakness

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

During the financial statement audit in fiscal year 2011, the independent public accounting firm proposed an audit adjustment moving \$88,249 from the General Fund to the Bond Retirement Fund due to an error in the posting of tangible personal property taxes. This adjustment was made in the financial statements, but the District did not post this adjustment to their accounting system until February 2015.

Failure to timely make adjustments to the accounting system can result in the Board making financial decisions based on inaccurate data.

We recommend that the District post adjustments that have been made to the financial statements and affect the underlying accounting data on a timely basis so that the District is using the correct information when making financial decisions.

Officials' Response:

This was just an oversight that has since been corrected. I should also note that although this adjustment was proposed for the fiscal year 2011 audit, there was not mention of it being done in the fiscal year 2012 audit so this is why it stayed unadjusted for so long.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

FINDING NUMBER 2013-004

Material Noncompliance/Material Weakness - Cash Management

Finding Number	2013-004
CFDA Title and Number	84.385A – ARRA – Teacher Incentive Fund
Federal Award Number / Year	2013
Federal Agency	US Department of Education
Pass-Through Agency	Ohio Department of Education

34 CFR 80.21 (OMB Circular A-102) states, in part, that methods and procedures shall minimize the time elapsing between the transfer of funds and disbursement by grantee or subgrantee, in accordance with Treasury regulations codified at 31 CFR part 205.

The District did not minimize the time between the time an advance of federal funds was received and the time it was disbursed for the Teacher Incentive Fund grant. In addition, they do not have procedures implemented to minimize the amount of time from the receipt of federal funds to the disbursement of federal funds. For the portion of the grant accounted for in fund 590, a part of an advance was not expended for four months. For the portion of the grant accounted for in fund 599, the majority of an advance was not expended for more than seven months and there was a balance of \$34,933 in the fund at June 30, 2013.

Failure to disburse federal funds in a timely manner could lead to the District receiving a reduction in federal funding or being denied the access to being advanced federal funds.

We recommend the District disburse federal funds in a timely manner. We also recommend the District implement procedures to minimize the amount of time between the receipt of federal funds and the disbursement of federal funds. We also recommend the District expend advanced funds prior to requesting additional funds.

Officials' Response:

The Teacher Incentive Fund (TIF) is made up of two areas. The first is the portion that provides for salary for the TIF coordinator and other expenditures for purchased services and supplies and the second is the actual incentive payments made to teachers.

Regarding the portion of the fund accounted for in fund 590 and 599 these funds were in fact expended in a timely manner, but were not coded correctly, resulting in a cash balance in the funds. The actual incentive payments to the teachers is an exact amount that was requested based upon criteria established for incentive payments by the teachers union and then paid immediately through payroll. The amounts expended for the other portion of the TIF fund were expended and should have been adjusted to the TIF fund.

FINDING NUMBER 2013-005

Material Noncompliance - Reporting

Finding Number	2013-005
CFDA Title and Number	84.385A – ARRA – Teacher Incentive Fund 84.395A – ARRA - Race to the Top 10.553 & 10.555 – Child Nutrition Cluster: National School Breakfast Program and National School Lunch Program
Federal Award Number / Year	2013
Federal Agency	US Department of Education
Pass-Through Agency	Ohio Department of Education

OMB Circular A-133 Section 200 (b) states that non-Federal entities that expend \$500,000 or more in a year in Federal awards shall have a single audit conducted in accordance with **Section 500** except when they elect to have a program-specific audit conducted in accordance with paragraph **(c)** of this section.

OMB Circular A-133 Section 320 (a) states the audit shall be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section shall be submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit. Unless restricted by law or regulation, the auditee shall make copies available for public inspection.

The District did not file its June 30, 2013 data collection form and reporting package within the time frame as required by OMB Circular A-133 Section 320.

We recommend the District submit its data collection form and reporting package within the time frame as required.

Officials' Response:

This will be corrected in the future.

This page intentionally left blank.

**BATAVIA LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	District incurred adjustments related to Taxes Receivable and Deferred Revenue.	Yes	

This page intentionally left blank.

**BATAVIA LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2013**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-004	<p>The Teacher Incentive Fund (TIF) is made up of two areas. The first is the portion that provides for salary for the TIF coordinator and other expenditures for purchased services and supplies and the second, is the actual incentive payments made to teachers.</p> <p>Regarding the portion of the fund accounted for in fund 590 and 599 these funds were in fact expended in a timely manner, but were not coded correctly, resulting in a cash balance in the funds. The actual incentive payments to the teachers is an exact amount that was requested based upon criteria established for incentive payments by the teachers union and then paid immediately through payroll. The amounts expended for the other portion of the TIF fund were expended and should have been adjusted to the TIF fund.</p>	4/22/15	Michael Ashmore
2013-005	The FY 2013 single audit will be filed upon the completion of this report and in the future the single audit will be submitted on time.	12/31/15	Michael Ashmore

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Batavia Local School District
Clermont County
2400 Clermont Center Dr.
Suite 240
Batavia, Ohio 45103

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 Batavia Local School District (the 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 November 8, 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.

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

Dave Yost
Auditor of State

Columbus, Ohio

April 20, 2015

This page intentionally left blank.



Dave Yost • Auditor of State

BATAVIA LOCAL SCHOOL DISTRICT

CLERMONT 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
MAY 19, 2015**