



Dave Yost • Auditor of State

**BOTKINS LOCAL SCHOOL DISTRICT
SHELBY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis – For the Fiscal Year Ended June 30, 2015	3
Basic Financial Statements – For the Fiscal Year Ended June 30, 2015:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis	11
Statement of Activities – Cash Basis	12
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis – Governmental Funds.....	13
Statement of Cash Receipts, Disbursements, and Changes in Fund Balances Cash Basis – Governmental Funds	14
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual – Budget Basis – General Fund	15
Statement of Fiduciary Net Position – Cash Basis – Fiduciary Funds	16
Statement of Changes in Fiduciary Net Position – Cash Basis – Fiduciary Funds	17
Notes to the Basic Financial Statements - For the Fiscal Year Ended June 30, 2015.....	19
Management's Discussion and Analysis – For the Fiscal Year Ended June 30, 2014	47
Basic Financial Statements – For the Fiscal Year Ended June 30, 2014:	
Government-Wide Financial Statements	
Statement of Net Position – Cash Basis	55
Statement of Activities – Cash Basis	56
Fund Financial Statements	
Statement of Assets and Fund Balances – Cash Basis – Governmental Funds.....	57
Statement of Cash Receipts, Disbursements, and Changes in Fund Balances Cash Basis – Governmental Funds	58
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual – Budget Basis – General Fund	59
Statement of Fiduciary Net Position – Cash Basis – Fiduciary Funds	60

**BOTKINS LOCAL SCHOOL DISTRICT
SHELBY COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Statement of Changes in Fiduciary Net Position – Cash Basis – Fiduciary Funds	61
Notes to the Basic Financial Statements - For the Fiscal Year Ended June 30, 2014	63
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	87



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Botkins Local School District
Shelby County
404 E. State Street
Botkins, Ohio 45306

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Botkins Local School District, Shelby County, Ohio (the School District), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Botkins Local School District, Shelby County, Ohio, as of June 30, 2015 and 2014, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Other Information

Our audit was conducted to opine on the financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2016, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

April 12, 2016

Botkins Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

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

Highlights

Key highlights for fiscal year 2015 are as follows:

Net position of governmental activities decreased \$3,058,203, which is a 25 percent decrease from 2014.

During fiscal year 2009, the School District began collections on a voted income tax of 1.25 percent. During fiscal year 2015, \$649,167 was received for income taxes, a 4% decrease from 2014.

During fiscal year 2012, the School District issued bond anticipation notes of \$6,950,000. The bond anticipation notes were paid off when general obligation bonds were issued towards the end of the fiscal year. The notes were issued to pay for the local portion (\$5,824,639) of an Ohio School Facilities Commission Project, in addition to locally funded initiatives (\$1,125,361), which includes equipment, demolition of the existing school, furnishings, landscaping, and paving. Principal payments on this bond for fiscal year 2015 were \$115,000.

During fiscal year 2012, the School District entered into an agreement with the Ohio School Facilities Commission (OSFC). Under the agreement, the OSFC will fund \$17,473,917 of the building of a new K-12 building. The School District's portion of the project is \$5,824,639 for a total OSFC project cost of \$23,298,556. During fiscal year 2015, the School District received \$3,188,384 from the OSFC.

Using the Basic Financial Statements

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

Report Components

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

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

Botkins Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

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

Basis of Accounting

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

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

Reporting the School District as a Whole

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

These statements report the School District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the School District's financial health. Over time, increases or decreases in the School District's cash position is one indicator of whether the School District's financial health is improving or deteriorating. When evaluating the School District's financial condition, you should also consider other non-financial factors as well such as the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the School District reports governmental activities. Governmental activities are where the School District's basic services are reported, including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District has no business-type activities.

Reporting the School District's Most Significant Funds

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

Botkins Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

Governmental Funds - Most of the School District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the School District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Government's programs. The School District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The School District's major governmental funds are the General Fund and the OSFC Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

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

The School District as a Whole

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

(Table 1)
Net Position

	Governmental Activities	
	2014	2015
Assets		
Equity in Pooled Cash and Cash Equivalents	\$11,760,414	\$8,537,917
Cash and Cash Equivalents with Fiscal Agents	290,608	454,902
Total Assets	\$12,051,022	\$8,992,819
Net Position		
Restricted for:		
Capital Outlay	\$7,137,337	\$3,241,852
Debt Service	756,742	847,950
Other Purposes	224,116	216,733
Bus Purchases	4,033	4,033
Unrestricted	3,928,794	4,682,251
Total Net Position	\$12,051,022	\$8,992,819

As mentioned previously, net position of governmental activities decreased \$3,058,203 or 25 percent during fiscal year 2015. Equity in pooled cash and cash equivalents decreased as a result of construction of the new K-12 building. Net position for capital outlay also decreased as a result of the construction.

Botkins Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

Net position for debt service increased, as property tax receipts were enough to cover the required debt service payments in fiscal year 2015. Unrestricted net position is the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements. Unrestricted net position increased \$753,457.

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

(Table 2)
Changes in Net Position

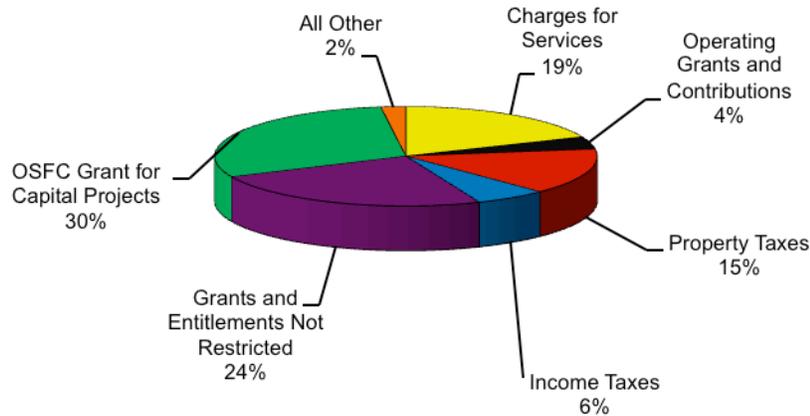
	Governmental Activities 2014	Governmental Activities 2015
Receipts:		
Program Receipts:		
Charges for Services	\$1,735,351	\$2,002,976
Operating Grants and Contributions	387,521	435,051
Capital Grants and Contributions	218,869	-
Total Program Receipts	<u>2,341,741</u>	<u>2,438,027</u>
General Receipts:		
Property Taxes	1,401,453	1,604,850
Income Taxes	673,462	649,167
Grants and Entitlements Not Restricted to Specific Programs	2,481,320	2,617,866
OSFC Grant for Capital Projects	8,259,966	3,188,384
All Other	52,139	226,539
Total General Receipts	<u>12,868,340</u>	<u>8,286,806</u>
Total Receipts	<u>15,210,081</u>	<u>10,724,833</u>
Disbursements:		
Instruction	3,247,075	3,499,355
Support Services:		
Pupils and Instructional Staff	505,663	590,031
Board of Education, Administration, and Fiscal	673,345	673,996
Operation and Maintenance of Plant	443,412	603,870
Pupil Transportation	203,036	183,736
Central	2,271	1,523
Operation of Non-Instructional Services	212,095	227,225
Extracurricular Activities	268,801	339,311
Capital Outlay	12,048,803	7,207,857
Debt Service	404,363	456,132
Total Disbursements	<u>18,008,864</u>	<u>13,783,036</u>
Increase (Decrease) in Net Position	(2,798,783)	(3,058,203)
Net Position, Beginning of Year	<u>14,849,805</u>	<u>12,051,022</u>
Net Position, End of Year	<u>\$12,051,022</u>	<u>\$8,992,819</u>

Governmental Activities

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for the School District Operations. Property taxes make up only 15% of receipts for 2015. Income taxes made up 6% of receipts for 2015. Grants and entitlements not restricted, consists largely of state foundation monies. Grants and entitlements made up 24% of receipts for 2015. The largest revenue source for fiscal year 2015 was OSFC Grant for Capital Projects which represented 30% of total receipts.

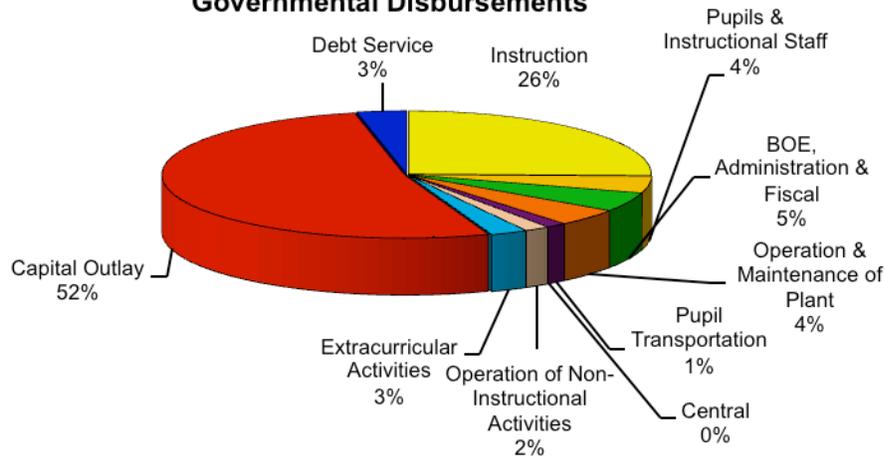
Botkins Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

Governmental Receipts



For fiscal year 2015, as the construction of a new K-12 building continued, capital outlay disbursements accounted for 52% of the School District's disbursements.

Governmental Disbursements



If you look at the Statement of Activities on page 12 you will see that the first column lists the major services provided by the School District. The next column identifies the costs of providing these services. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the School District that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the statement.

A comparison between the total cost of services and the net cost is presented in Table 3.

Botkins Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

(Table 3)

Governmental Activities

	Total Cost Of Services 2014	Net Cost of Services 2014	Total Cost Of Services 2015	Net Cost of Services 2015
Instruction	\$3,247,075	(\$1,588,864)	\$3,499,355	(\$1,579,786)
Support Services:				
Pupils and Instructional Staff	505,663	(379,265)	590,031	(479,475)
Board of Education, Administration and Fiscal	673,345	(673,345)	673,996	(672,644)
Operation and Maintenance of Plant	443,412	(410,926)	603,870	(567,128)
Pupil Transportation	203,036	(197,226)	183,736	(171,909)
Central	2,271	(2,271)	1,523	(1,523)
Operation of Non-Instructional Services	212,095	11,357	227,225	3,899
Extracurricular Activities	268,801	(192,286)	339,311	(212,454)
Capital Outlay	12,048,803	(11,829,934)	7,207,857	(7,207,857)
Debt Service	404,363	(404,363)	456,132	(456,132)
Total Disbursements	<u>\$18,008,864</u>	<u>(\$15,667,123)</u>	<u>\$13,783,036</u>	<u>(\$11,345,009)</u>

The dependence upon property tax receipts and grants and entitlements not restricted to specific programs is apparent. Operation of non-instructional activities revenues consists of disbursements for the food service program.

The School District's Funds

The School District's major funds are the General Fund and the OSFC capital projects fund.

The General Fund's net change in fund balance was \$753,457 as a result of the receipts exceeding disbursements. Increases in tuition and fees (from open enrollment) receipts along with an increase in property taxes contributed to the increase.

The OSFC fund had a decrease in fund balances of \$3,951,299 as the School District continued the construction of the new K-12 building during fiscal year 2015.

General Fund Budgeting Highlights

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

During the course of fiscal year 2015, the School District amended its General Fund budget to reflect changing circumstances. During fiscal year 2015, estimated receipts remained the same throughout the fiscal year.

The School District closely monitored expenditures; enabling the School District to spend \$1,477,774 less than what was appropriated. The Administration and Board of Education have made additional dollars available in many categories in order to facilitate the needs of the School District as they arise. With the School District's tight internal controls, additional monies are appropriated in order to allow those individuals in charge to be creative in their educational needs. The School District has a basic belief that it should be prepared to operate in the best manner to meet the needs of those who are being educated. In order to do so, appropriations are made in excess of minimum required funds to allow for variances in individual programs that are beneficial to the student body, yet economically sound. The School District

Botkins Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

has historically held conservative ways of spending dollars so that needs can be met with the interest of the taxpayer in mind.

Capital Assets and Debt Administration

Capital Assets

The School District does not currently keep track of its capital assets and infrastructure except for insurance purposes only.

Debt

Table 4 summarizes the debt outstanding:

	Table 4 Outstanding Debt at June 30,	
	2014	2015
	<u>2014</u>	<u>2015</u>
Building Assistance Bond	\$120,000	\$90,000
School Improvement Bonds	6,890,000	6,775,000
Bus Loans/Leases	95,567	50,211
Totals	<u>\$7,105,567</u>	<u>\$6,915,211</u>

For further information regarding the School District's debt, refer to Note 10 to the basic financial statements.

Current Issues

The School District is proud of its community support of the public schools. The School District's voters have approved permanent improvement levies by large margins. The upkeep and major renovations of the building has been done with permanent improvement monies therefore reducing those expenses from the General Fund.

In May 2014, Botkins Local School voters approved a 2.0 mill renewal levy for five years. The levy is for purposes of permanent improvements to the schools. For the owner of a \$100,000 home, the levy costs \$57.12.

The Board placed a 7.99 mill bond levy on the November 8th, 2011, ballot to build a new K-12 school, which was approved by the voters. The Ohio School Facilities Commission will pay 75% of the cost of a new K-12 school building. So, the local share of the project is only 25%, plus any locally funded initiatives (LFIs).

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Joanna (Jody) Jones, Treasurer at 404 East State Street, Post Office Box 550, Botkins, Ohio 45306.

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Botkins Local School District
Statement of Net Position - Cash Basis
June 30, 2015

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$8,537,917
Cash and Cash Equivalents with Fiscal Agents	454,902
<i>Total Assets</i>	\$8,992,819
 Net Position	
Restricted for:	
Capital Outlay	\$3,241,852
Debt Service	847,950
Other Purposes	216,733
Bus Purchases	4,033
Unrestricted	4,682,251
<i>Total Net Position</i>	\$8,992,819

See accompanying notes to the basic financial statements

Botkins Local School District
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2015

	Program Cash Receipts		Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Receipts and Changes in Net Assets
		Operating Grants and Contributions	Total Governmental Activities
Governmental Activities			
Instruction:			
Regular	\$2,600,123	\$1,685,658	\$158,418
Special	607,956	0	43,046
Vocational	198,401	0	24,976
Student Intervention Services	47,010	0	7,471
Other	45,865	0	0
Support Services:			
Pupil	286,738	36,123	72,159
Instructional Staff	303,293	0	2,274
Board of Education	25,133	0	0
Administration	437,762	0	0
Fiscal	211,101	0	1,352
Operation and Maintenance of Plant	603,870	16,817	19,925
Pupil Transportation	183,736	11,827	0
Central	1,523	0	0
Operation of Non-Instructional Services	227,225	150,799	80,325
Extracurricular Activities	339,311	101,752	25,105
Capital Outlay	7,207,857	0	0
Principal Retirement	190,356	0	0
Interest and Fiscal Charges	265,776	0	0
<i>Total Governmental Activities</i>	<u>\$13,783,036</u>	<u>\$2,002,976</u>	<u>\$435,051</u>
General Receipts			
Property Taxes Levied for:			
General Purposes			1,064,135
Capital Outlay			87,650
Debt Service			431,152
Other Purposes			21,913
Income Taxes Levied for General Purposes			649,167
Grants and Entitlements not Restricted to Specific Pr			2,617,866
Sale of Fixed Assets			187,806
OSFC Grant for Capital Projects			3,188,384
Gifts and Donations not Restricted to Specific Progra			2,069
Interest			10,015
Miscellaneous			26,649
<i>Total General Receipts</i>			<u>8,286,806</u>
Change in Net Position			(3,058,203)
<i>Net Position Beginning of Year</i>			<u>12,051,022</u>
<i>Net Position End of Year</i>			<u>\$8,992,819</u>

See accompanying notes to the basic financial statements

Botkins Local School District
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2015

	General	OSFC	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$4,682,251	\$1,919,330	\$1,932,303	\$8,533,884
Restricted Assets:				
Cash and Cash Equivalents with Fiscal/Escrow Agent		454,902	0	454,902
Equity in Pooled Cash and Cash Equivalents	4,033	0	0	4,033
<i>Total Assets</i>	<u>\$4,686,284</u>	<u>\$2,374,232</u>	<u>\$1,932,303</u>	<u>\$8,992,819</u>
Fund Balances				
Restricted	\$4,033	\$2,374,232	\$1,932,303	\$4,310,568
Committed	111,137	0	0	111,137
Assigned	1,571,725	0	0	1,571,725
Unassigned	2,999,389	0	0	2,999,389
<i>Total Fund Balances</i>	<u>\$4,686,284</u>	<u>\$2,374,232</u>	<u>\$1,932,303</u>	<u>\$8,992,819</u>

See accompanying notes to the basic financial statements

Botkins Local School District
Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General	OSFC	Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$1,064,135	\$0	\$540,715	\$1,604,850
Income Taxes	649,167	0	0	649,167
Intergovernmental	2,455,217	3,188,384	538,934	6,182,535
Interest	2,071	7,455	495	10,021
Tuition and Fees	1,685,658	0	0	1,685,658
Rentals	12,200	0	1,100	13,300
Extracurricular Activities	36,123	0	102,832	138,955
Contributions and Donations	10,416	0	50,413	60,829
Charges for Services	0	0	155,413	155,413
Miscellaneous	33,020	1,701	1,578	36,299
<i>Total Receipts</i>	<u>5,948,007</u>	<u>3,197,540</u>	<u>1,391,480</u>	<u>10,537,027</u>
Disbursements				
Current:				
Instruction:				
Regular	2,497,667	0	102,456	2,600,123
Special	467,843	0	140,113	607,956
Vocational	192,151	0	6,250	198,401
Student Intervention Services	39,539	0	7,471	47,010
Other	45,865	0	0	45,865
Support Services:				
Pupil	222,926	0	63,812	286,738
Instructional Staff	223,775	0	79,518	303,293
Board of Education	25,133	0	0	25,133
Administration	437,762	0	0	437,762
Fiscal	198,926	0	12,175	211,101
Operation and Maintenance of Plant	491,337	0	112,533	603,870
Pupil Transportation	171,361	0	12,375	183,736
Central	1,523	0	0	1,523
Operation of Non-Instructional Services	306	0	226,919	227,225
Extracurricular Activities	224,086	0	115,225	339,311
Capital Outlay	0	7,148,839	59,018	7,207,857
Debt Service:				
Principal Retirement	0	0	190,356	190,356
Interest and Fiscal Charges	0	0	265,776	265,776
<i>Total Disbursements</i>	<u>5,240,200</u>	<u>7,148,839</u>	<u>1,393,997</u>	<u>13,783,036</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>707,807</u>	<u>(3,951,299)</u>	<u>(2,517)</u>	<u>(3,246,009)</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	650	0	187,156	187,806
Transfers In	0	0	30,000	30,000
Transfers Out	(30,000)	0	0	(30,000)
Advances In	75,000	0	0	75,000
Advances Out	0	0	(75,000)	(75,000)
<i>Total Other Financing Sources (Uses)</i>	<u>45,650</u>	<u>0</u>	<u>142,156</u>	<u>187,806</u>
<i>Net Change in Fund Balances</i>	753,457	(3,951,299)	139,639	(3,058,203)
<i>Fund Balances Beginning of Year</i>	<u>3,932,827</u>	<u>6,325,531</u>	<u>1,792,664</u>	<u>12,051,022</u>
<i>Fund Balances End of Year</i>	<u>\$4,686,284</u>	<u>\$2,374,232</u>	<u>\$1,932,303</u>	<u>\$8,992,819</u>

See accompanying notes to the basic financial statements

Botkins Local School District
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Property Taxes	\$927,000	\$927,000	\$1,064,135	\$137,135
Income Taxes	675,000	675,000	649,167	(25,833)
Intergovernmental	2,334,500	2,334,500	2,455,217	120,717
Interest	2,000	2,000	2,071	71
Tuition and Fees	1,435,500	1,435,500	1,685,658	250,158
Rentals	11,500	11,500	12,200	700
Contributions and Donations	1,500	1,500	2,069	569
Miscellaneous	5,000	5,000	9,513	4,513
<i>Total Receipts</i>	<u>5,392,000</u>	<u>5,392,000</u>	<u>5,880,030</u>	<u>488,030</u>
Disbursements				
Current:				
Instruction:				
Regular	2,614,624	2,614,624	2,481,860	132,764
Special	601,809	601,809	468,703	133,106
Vocational	209,750	209,750	176,609	33,141
Student Intervention Services	81,000	81,000	39,539	41,461
Other	78,500	78,500	45,865	32,635
Support Services:				
Pupil	215,978	215,978	181,154	34,824
Instructional Staff	264,853	264,853	224,699	40,154
Board of Education	37,100	37,100	25,392	11,708
Administration	1,247,979	1,247,979	446,779	801,200
Fiscal	247,200	247,200	199,726	47,474
Operation and Maintenance of Plant	571,797	571,797	491,690	80,107
Pupil Transportation	214,658	214,658	171,556	43,102
Central	6,200	6,200	1,573	4,627
Operation of Non-Instructional Services	500	500	306	194
Extracurricular Activities	269,300	269,300	238,023	31,277
Capital Outlay	10,000	10,000	0	10,000
<i>Total Disbursements</i>	<u>6,671,248</u>	<u>6,671,248</u>	<u>5,193,474</u>	<u>1,477,774</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,279,248)</u>	<u>(1,279,248)</u>	<u>686,556</u>	<u>1,965,804</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	0	650	650
Refund of Prior Year Expenditures	10,000	10,000	23,507	13,507
Transfers Out	(75,000)	(75,000)	(70,000)	5,000
Advances In	75,000	75,000	75,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>10,000</u>	<u>10,000</u>	<u>29,157</u>	<u>19,157</u>
<i>Net Change in Fund Balance</i>	<u>(1,269,248)</u>	<u>(1,269,248)</u>	<u>715,713</u>	<u>1,984,961</u>
<i>Fund Balance Beginning of Year</i>	<u>3,756,971</u>	<u>3,756,971</u>	<u>3,756,971</u>	<u>0</u>
Prior Year Encumbrances Appropriated	48,161	48,161	48,161	0
<i>Fund Balance End of Year</i>	<u>\$2,535,884</u>	<u>\$2,535,884</u>	<u>\$4,520,845</u>	<u>\$1,984,961</u>

See accompanying notes to the basic financial statements

Botkins Local School District
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
June 30, 2015

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$41,173	\$112,183
Liabilities		
Due to Students	0	\$112,183
Net Position		
Held in Trust for Scholarships:		
Expendable	39,473	
Non-expendable	1,700	
Total Net Position	\$41,173	

See accompanying notes to the basic financial statements

Botkins Local School District
Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015

	Private Purpose Trust
Additions	
Gifts and Contributions	\$11,942
Interest	5
Total Additions	11,947
Deductions	
Scholarships	5,325
Change in Net Position	6,622
Net Position - Beginning of Year	34,551
Net Position - End of Year	\$41,173

See accompanying notes to the basic financial statements

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Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 1 - Description of the School District and Reporting Entity

The Botkins Local School District (The School District) is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio, and 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 form of government consisting of five members elected at-large for staggered four year terms. The School District is located in Shelby County. The Board of Education controls the School District's instructional/support building which is staffed by 30 classified employees and 42 certificated full-time personnel who provide services to 655 students and other community members. It currently operates one instructional/support building.

Reporting Entity

A. Primary Government

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

B. Component Units

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

The School District participates in three jointly governed organizations and three insurance purchasing pools. Note 14 to the basic financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

- Western Ohio Computer Organization
- Southwestern Ohio Educational Purchasing Council
- Southwestern Ohio Instructional Technology Association

Insurance Purchasing Pools:

- Ohio Association of School Business Officials Workers' Compensation
- Southwestern Group Rating Plan
- Midwest Regional Schools Consortium
- Southwestern Ohio Educational Council Property, Fleet and Liability Insurance Program

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. However, the School District does not have any business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

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

Fund Financial Statements

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

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

B. Fund Accounting

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

Governmental Funds

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The 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.

OSFC - This capital projects fund accounts for the bond proceeds and intergovernmental revenue for the Ohio School Facilities Commission Project, the building of a new K-12 building.

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

Fiduciary Funds

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District's private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature. The School District's agency fund accounts for those student activity programs which have student participation in the activities and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

C. Basis of Accounting

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

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. If the School District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

D. Budgetary Process

Ohio law requires all funds, other than agency funds, to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which use the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The Board of Education uses the fund level for each fund for the general fund, the bond retirement debt service fund, classroom facilities special revenue fund and the permanent improvement capital projects fund and the fund level for all other funds as its legal level of control.

The certificate of estimated resources may be amended during the fiscal year if the School District Treasurer projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budget in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

The Board may amend appropriations throughout the fiscal year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation for that fund covering the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budget represent the final appropriation the Board passed during the fiscal year.

E. Cash and Investments

The School District pools cash from all funds for investment purposes. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

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

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

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

During fiscal year 2015, the School District invested in Federated Government Obligations Mutual Fund.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2015 was \$2,071, which included \$1,096 assigned from other School District funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted cash in the General Fund and OSFC Funds include amounts State statute requires to be set aside for bus purchases and amounts in retainage accounts.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

The School District reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

L. Long-term Obligations

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

M. Net position

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. Net position restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to cash disbursement for specified purposes. The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

N. Fund Balance

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

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

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

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

Assigned – Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

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 fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

P. Pensions

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

Note 3- Deposits and Investments

Investment Policies

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

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 3- Deposits and Investments (Continued)

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

Interim deposits are 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 and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.

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

At fiscal year end, the School District had \$15,795 with the Community Foundation of Shelby County. The Foundation administrators the Botkins Student Memorial Scholarship Fund. Further information on the coverage of these deposits can be obtained from Marian Spicer, Executive Director, 100 South Main Avenue, Suite 202, Sidney, Ohio 45365-2771.

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 3- Deposits and Investments (Continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the government’s deposits may not be returned to it. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution in security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

At fiscal year-end, the carrying amount of the School District’s deposits was \$7,671,495. Cash balances per the bank were \$7,352,474. \$500,000 of the School District’s deposits was insured by Federal depository insurance. As of June 30, 2015, \$6,852,474 of the School District’s bank balance of \$7,352,474 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the School District’s name.

Investments

The School District had the following investments at June 30, 2015:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Federated Government Obligations Mutual Fund	41 days	\$ 1,458,885

Interest Rate Risk - The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District’s investment policy does not further limit its investment choices.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirements of ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.

Credit Risk – State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District’s investment policy does not further limit its investment choices. The investment in Federated Government Obligations mutual fund is rated AAAM by Standard & Poor’s.

Concentration of Credit Risk - The School District places no limits on the amount the School District may invest in any one issuer. The School District’s entire investment was in the Federated Government Obligations Mutual Fund.

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 4 - Property Taxes

Property taxes include amounts levied against all real property and public utility property located in the School District.

Real property tax receipts received in calendar year 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value.

Public utilities subject to taxation on their tangible personal property include electric, rural electric, natural gas, pipeline, water works, water transportation, heating and telegraph companies. The tax rates vary according to the type of public utility. Public utility taxes are levied on all tangible personal property owned and located in Ohio on December 31 of the preceding year.

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

Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

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

	2014 Second- Half Collections		2015 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$48,049,360	93.83%	\$48,301,410	93.93%
Public Utility Personal	3,157,560	6.17	3,123,710	6.07
Total	\$51,206,920	100.00 %	\$51,425,120	100.00 %
Tax rate per \$1,000 of assessed valuation	\$35.39		\$35.39	

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 5 – Income Taxes

Effective January 1, 2009, the School District levies a voted tax of 1.25 percent for general operations on the income of residents and of estates. This is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

Note 6 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The School District contracted with Arthur Gallagher Risk Management Services Inc. through the Southwestern Ohio Educational Purchasing Council. Coverage provided is as follows:

Building and Contents (\$5,000 deductible)	\$350,000,000
Crime Insurance (\$5,000 deductible)	500,000
Automobile Liability (\$1,000 deductible)	
Per Occurrence	1,000,000
Uninsured/Underinsured Motorists (\$500 deductible)	
Per Occurrence	1,000,000
General Liability	
Per Occurrence	1,000,000
Aggregate Limit	3,000,000
Employer’s Liability and Stop Gap	
Per Occurrence	1,000,000
Aggregate Limit	1,000,000
Employee Benefit Liability	
Per Occurrence	1,000,000
Annual Aggregate Limit	3,000,000

Settled claims have not exceeded this commercial coverage in the past three fiscal years. There has been no significant reduction in insurance coverage from last fiscal year.

B. Workers’ Compensation

For fiscal year 2015, the School District participated in the Ohio Association of School Business Officials Workers’ Compensation Southwestern Group Rating Program (GRP), an insurance purchasing pool (Note 14). 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.” This “equity pooling” arrangement insures that each participant shares equally in the overall performance of the GRP.

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 6 - Risk Management (continued)

Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management provides administrative, cost control and actuarial services to the GRP.

C. Employee Medical Benefits

For fiscal year 2015, the School District participated in the Midwest Regional Schools Consortium, an insurance purchasing pool (Note 14). The intent of the Consortium is to achieve the benefit of reduced health insurance premiums for the School District by virtue of its grouping and representation with other participants in the Consortium.

Note 7 - Defined Benefit Pension Plans

Net Pension Liability

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

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

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

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

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

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 7 - Defined Benefit Pension Plans (continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$93,242 for fiscal year 2015.

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 7 - Defined Benefit Pension Plans (continued)

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service.

With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five year of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

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

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

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

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 7 - Defined Benefit Pension Plans (continued)

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

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

The School District's contractually required contribution to STRS was \$350,147 for fiscal year 2015.

Net Pension Liability

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

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$1,200,025	\$5,552,786	\$6,752,811
Proportion of the Net Pension Liability	0.0237115%	0.0228289%	

Actuarial Assumptions - SERS

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

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

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 7 - Defined Benefit Pension Plans (continued)

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

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

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

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

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

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

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

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 7 - Defined Benefit Pension Plans (continued)

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$1,712,044	\$1,200,025	\$769,327

Actuarial Assumptions - STRS

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

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

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

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

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

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 7 - Defined Benefit Pension Plans (continued)

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

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

Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$7,949,418	\$5,552,786	\$3,526,041

Note 8 – Postemployment Benefits

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan.

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 8 – Postemployment Benefits (Continued)

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 2014 (the latest year available) 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 advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2015, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2015, 2014, and 2013 were \$5,547, \$5,083, and \$4,447, respectively; 93.52 percent has been contributed for fiscal year 2015 and 100 percent for fiscal years 2014 and 2013.

Health Care Plan – ORC 3309.375 and 2209.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, 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 percent contribution to the Health Care Fund. For the year ended June 30, 2015, the health care allocation is .82 percent. 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 percent of that employer's SERS covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS covered payroll for health care surcharge. 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's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$18,219, \$13,009, and \$12,053, respectively; 93.52 percent has been contributed for fiscal year 2015 and 100 percent for fiscal years 2014 and 2013.

The SERS Retirement Board establishes 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.

The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on the SERS' at www.ohsers.org under employers/audit resources.

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 8 – Postemployment Benefits (Continued)

B. State Teachers Retirement System of Ohio

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS Ohio allocated employer contributions equal to 0 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$23,638, and \$23,249, respectively; 100 percent has been contributed for fiscal years 2015, 2014 and 2013.

Note 9 – Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible 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.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 45 days.

B. Insurance Benefits

The School District provides medical and dental insurance through Anthem to its full-time employees.

C. Deferred Compensation

Employees may elect to participate in the Ohio Association of School Business Officials Deferred Compensation Plan. The plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 10 – Long-Term Debt

The changes in the School District’s long-term obligations during the fiscal year consist of the following:

	Amount Outstanding 6/30/2014	Additions	Deletions	Amount Outstanding 6/30/2015	Amount Due in One Year
Governmental Activities					
Building Assistance Bond					
1995 5.1-6.85%	\$120,000	\$0	(\$30,000)	\$90,000	\$30,000
School Improvement Bonds					
2012 2-4.25%					
Serial Bonds	835,000	-	(115,000)	720,000	120,000
Term Bonds	5,995,000	-	-	5,995,000	-
Capital Appreciation Bonds	60,000	-	-	60,000	-
Bus Loan					
2012 2.5%	37,587	-	(26,433)	11,154	11,154
Bus Lease					
2013 2.12%	57,980	-	(18,923)	39,057	19,324
Total Governmental Activities					
Long-Term Liabilities	<u>\$7,105,567</u>	<u>\$0</u>	<u>(\$190,356)</u>	<u>\$6,915,211</u>	<u>\$180,478</u>

Building Assistance Bond – On January 15, 1995, Botkins Local School District issued \$750,000 in voted general obligation bonds for the purpose of the acquisition, construction, reconstruction and improvements of buildings and structures and the acquisition of sites. The bonds were issued for a twenty-year period with a final maturity during fiscal year 2018. The bonds will be retired from the Bond Retirement Debt Service Fund.

School Improvement Bonds – On April 4, 2012, the School District issued \$6,950,000 in school improvement bonds for the purpose of paying the local share of building a new k-12 building in conjunction with the Ohio School Facilities Commission. The bonds were issued for a thirty-five year period with a final maturity date on December 1, 2046. The bonds will be retired from the Bond Retirement Debt Service Fund. A portion of the bonds, \$60,000, are capital appreciation bonds which will be accreted over the life of the bonds and have a maturity amount of \$145,000.

Bus Loan – On April 15, 2012, Botkins Local School District received a loan from US Bank for a school bus in the amount of \$78,100. The loan will mature November 15, 2015. The loan will be retired from the Permanent Improvement Capital Projects Fund.

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 10 – Long-Term Debt (continued)

Bus Lease – On September 17, 2013, Botkins Local School District entered into a lease purchase agreement with De Lage Landen Public Finance LLC for a school bus in the amount of \$78,132. The lease will mature September 17, 2016. The lease will be retired from the Permanent Improvement Fund.

At June 30, 2015, the School District's has debt in excess of the nine percent debt limitation allowed by Ohio Revised Code. The School District has obtained "special needs" from the State in order to exceed the nine percent limitation.

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

Fiscal Year Ending June 30	General Obligation Bonds			Bus Loans		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 150,000	\$ 260,669	\$ 410,669	30,478	897	31,375
2017	155,000	256,763	411,763	19,733	418	20,151
2018	165,000	252,108	417,108	0	0	
2019	140,000	248,331	388,331	0	0	0
2020	140,000	245,531	385,531	0	0	0
2021-2025	660,000	1,266,694	1,926,694	0	0	0
2026-2030	860,000	1,061,387	1,921,387	0	0	0
2031-2035	1,025,000	887,686	1,912,686	0	0	0
2036-2040	1,290,000	618,075	1,908,075	0	0	0
2041-2045	1,565,000	319,206	1,884,206	0	0	0
2046-2047	715,000	30,706	745,706	0	0	0
Grand Total	<u>\$ 6,865,000</u>	<u>\$ 5,447,156</u>	<u>\$ 12,312,156</u>	<u>\$ 50,211</u>	<u>\$ 1,315</u>	<u>\$ 51,526</u>

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 11 – Fund Balance

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

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

<u>Fund Balance</u>	<u>General</u>	<u>OSFC</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted for:				
Food Service Operations	\$ -	\$ -	\$ 67,950	\$ 67,950
Copeland Grants	-	-	16,361	16,361
Classroom Maintenance	-	-	65,338	65,338
Athletics	-	-	67,084	67,084
Capital Improvements	-	2,374,232	867,620	3,241,852
Debt Service	-	-	847,950	847,950
Bus Purchases	4,033	-	-	4,033
Total Restricted	4,033	2,374,232	1,932,303	4,310,568
Committed to:				
Future Severance Payments	111,137	-	-	111,137
Assigned for:				
Unpaid Obligations	28,714	-	-	28,714
FY 16 Appropriations	1,517,423	-	-	1,517,423
Educational Activities	16,909	-	-	16,909
Playground Equipment	8,679	-	-	8,679
Total Assigned	1,571,725	-	-	1,571,725
Unassigned	2,999,389	-	-	2,999,389
Total Fund Balance	\$ 4,686,284	\$ 2,374,232	\$ 1,932,303	\$ 8,992,819

Note 12 – Interfund Transactions

During fiscal year 2014, the School District advanced \$75,000 from the General Fund to the Permanent Improvement fund for the Scrap Tire Grant. The money was returned in fiscal year 2015 when grant monies were received.

During fiscal year 2015, the School District transferred \$30,000 to the Athletics Fund to support the athletic programs.

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 13 - Set-Aside Calculations

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

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

	Capital Acquisitions
Set-aside Reserve Balance as of June 30, 2014	\$0
Current Year Set-aside Requirement	105,034
Current Year Offsets	(105,034)
Totals	\$0

The School District had offsets during the fiscal year that reduced the capital improvements set-aside amounts below zero. Only unused bond proceeds from classroom facilities are allowed to be carried forward.

Note 14 - Jointly Governed Organizations and Insurance Purchasing Pools

A. Jointly Governed Organizations

Western Ohio Computer Organization - The School District is a participant in the Western Ohio Computer Organization (WOCO) which is a computer consortium. The Western Ohio Computer Organization is one of the 23 Information Technology Center's (ITC) in the state of Ohio, which were formed in the late 70's, early 80's. These "ITC's" were originally charged to provide computer services to the member school district's fiscal offices, forming what is known today as the OECN, The Ohio Educational Computer Network. WOCO began its operations in 1980 providing computer services to 29 members school districts located in the five county area of Shelby, Auglaize, Hardin, Logan and Champaign. Today WOCO provides technical services to 34 public school districts, 5 public charter schools and 4 non-public districts.

The governing board of WOCO consists of fourteen members who consist of the Superintendent of the Fiscal Agent, two Superintendents from each county (Auglaize, Champaign, Hardin, Logan and Shelby), one representative from the city schools and one representative each from the treasurer and student services users. The School District paid WOCO \$45,746 for services provided during the fiscal year. Financial information can be obtained from Louis Ivey, who serves as Director, at 129 E. Court Street, Sidney, OH 45365.

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 14 - Jointly Governed Organizations and Insurance Purchasing Pools (Continued)

Southwestern Ohio Educational Purchasing Council - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of 126 school districts in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group.

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 2015, the School District paid \$75,385 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

Southwestern Ohio Instructional Technology Association - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of twenty-three representatives of SOITA member schools or institutions. Twenty-one representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Brown, Butler, Champaign, Clark, Clermont, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area representative. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2015, the School District paid \$557 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Larry Pogue, who serves as Executive Director, at 150 East Sixth Street, Franklin, Ohio 45005.

B. Insurance Purchasing Pools

Ohio Association of School Business Officials Workers' Compensation Southwestern Group Rating Plan - The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (Plan) was established through the Ohio Association of School Business Officials (OASBO) as an insurance purchasing pool. During fiscal year 2015, the School District paid \$1,107 to OASBO.

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 14 - Jointly Governed Organizations and Insurance Purchasing Pools (Continued)

Midwest Regional Schools Consortium – The Midwest Regional Schools Consortium is an insurance purchasing pool among the school districts and the educational service centers in Shelby, Logan and Hardin Counties. The purpose of the Consortium is to achieve more favorable rates for employee insurance by creating a larger pool on which to base the insurance experience. The Consortium acts to provide health/surgical, dental and term-life benefits to its participants at a lower rate than if individual districts acted independently.

Each school district pays monthly premiums to the provider, currently Anthem Blue Cross/Blue Shield for dental and health insurance and Medical Life Insurance Company for life insurance. The Consortium is governed by an administrative committee consisting of the superintendent from each participating school district and the educational service center. The degree of control exercised by any participating school district is limited to its representation on the committee. During fiscal year 2015, the School District paid \$244,483 to the Consortium. Financial information can be obtained from Mike Elsass, who serves as consultant to the group, Elsass/Hecker CLU's, 131 N. Ludlow St. Dayton, Ohio 45402.

Southwestern Ohio Educational Council Property, Fleet and Liability Insurance Program – The School District participates in the Southwestern Ohio Educational Council Property, Fleet and Liability Program (PFL). The PFL's business affairs are conducted by a six member committee consisting of various PFL representatives that are elected by the general assembly. The purpose of the program is to jointly provide or obtain casualty, property, employer liability, general liability, risk management, professional liability, group coverage and other protections for participating school districts. Financial information can be obtained from Ken Swink, Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

Note 15 – Donor Restricted Endowments

The School District's private purpose trust funds include donor-restricted endowments. These assets are shown as net position held in trust for scholarships - non-expendable to represent the principal portion of the endowment. The amount of net appreciation in donor-restricted investments that is available for expenditures by the governing body is shown as net position held in trust for scholarships - expendable. State law permits the governing board to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments of the private purpose funds indicate that the interest should be used to provide scholarships.

Note 16 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and cash basis is

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 16 – Budgetary Basis of Accounting (continued)

- 1.) Outstanding year-end encumbrances are treated as cash disbursements (budgetary) rather than as a reservation of fund balance (cash basis) and
- 2.) Perspective differences resulting from differences in fund structure.

Cash Basis net change in fund balance	\$753,457
Perspective Differences	(9,026)
Adjustment for Encumbrances	(28,718)
Budget Basis net change in fund balance	\$715,713

Note 17 – Significant Contractual Commitments

The School District had the following contractual commitments at June 30, 2015:

Vendor	Amount	Expended	Balance
Fanning/Howey & Associates	\$ 1,328,483	\$ 1,275,162	\$ 53,321
CTL Engineering	163,451	159,680	3,771
Stan Engineers	64,556	53,709	10,847
Resource International, Inc.	1,220,712	1,167,693	53,019
Charles Construction Services	10,699,786	10,303,328	396,458
Vulcan Enterprises, Inc.	220,026	198,606	21,420
Feldkamp Enterprises, Inc.	3,119,290	3,116,114	3,176
Active Electric, Inc.	2,706,662	2,639,953	66,709
Microman	419,831	404,742	15,089
Timberland Landscape Inc	116,807	97,233	19,574
Muhlenkamp Building Corp	820,329	-	820,329
Total Enviromental Services	93,765	64,504	29,261
Continental Office Environment	161,623	150,558	11,065
Tom Sexton & Associates	230,532	221,093	9,439

Note 18 - Contingencies

A. Grants

The School District receives financial assistance from federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2015.

B. Litigation

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

Botkins Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 18 – Contingencies (continued)

C. Foundation Payments

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

Note 19 – Change in Accounting Principles

For fiscal year 2015, the School District has implemented Governmental Accounting Standard Board (GASB) *Statement No. 68, “Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement 27”* and *Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date.”* GASB *Statement No. 68* improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. GASB *Statement No. 71*, amends GASB *Statement No. 68* and is effective with the provisions of GASB *Statement No. 68*. The implementation of these statements is described further in Note 7.

Botkins Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

This discussion and analysis of the Botkins Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014, within the limitations of the School District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Highlights

Key highlights for fiscal year 2014 are as follows:

Net position of governmental activities decreased \$2,798,783, which is a 19 percent decrease from 2013.

During fiscal year 2009, the School District began collections on a voted income tax of 1.25 percent. During fiscal year 2014, \$673,462 was received for income taxes, an increase of \$48,502 from 2013.

During fiscal year 2012, the School District issued bond anticipation notes of \$6,950,000. The bond anticipation notes were paid off when general obligation bonds were issued towards the end of the fiscal year. The notes were issued to pay for the local portion (\$5,824,639) of an Ohio School Facilities Commission Project, in addition to locally funded initiatives (\$1,125,361), which includes equipment, demolition of the existing school, furnishings, landscaping, and paving. Payments on this bond for fiscal year 2014 were \$60,000.

During fiscal year 2012, the School District entered into an agreement with the Ohio School Facilities Commission (OSFC). Under the agreement, the OSFC will fund \$17,473,917 of the building of a new K-12 building. The School District's portion of the project is \$5,824,639 for a total OSFC project cost of \$23,298,556. During fiscal year 2014, the School District received \$8,259,966 from the OSFC.

During 2014, the School District entered into a lease purchase agreement for a new bus in the amount of \$78,132.

Using the Basic Financial Statements

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

Report Components

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

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

Botkins Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

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

Basis of Accounting

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

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

Reporting the School District as a Whole

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

These statements report the School District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the School District's financial health. Over time, increases or decreases in the School District's cash position is one indicator of whether the School District's financial health is improving or deteriorating. When evaluating the School District's financial condition, you should also consider other non-financial factors as well such as the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the School District reports governmental activities. Governmental activities are where the School District's basic services are reported, including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District has no business-type activities.

Reporting the School District's Most Significant Funds

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

Botkins Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

Governmental Funds - Most of the School District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the School District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Government's programs. The School District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The School District's major governmental funds are the General Fund and the OSFC Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

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

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2014 compared to fiscal year 2013 on a cash basis:

(Table 1)		
Net Position		
Table 1	Governmental Activities	
	2013	2014
Assets		
Equity in Pooled Cash		
and Cash Equivalents	\$14,849,805	\$11,760,414
Cash and Cash Equivalents with Fiscal Agents	-	290,608
Total Assets	\$14,849,805	\$12,051,022
Net Position		
Restricted for:		
Capital Outlay	\$10,577,638	\$7,137,337
Debt Service	676,949	756,742
Other Purposes	192,652	224,116
Bus Purchases	4,033	4,033
Unrestricted	3,398,533	3,928,794
Total Net Position	\$14,849,805	\$12,051,022

As mentioned previously, net position of governmental activities decreased \$2,798,783 or 19 percent during fiscal year 2014. Equity in pooled cash and cash equivalents decreased as a result of construction of the new K-12 building. Net position for capital outlay also decreased as a result of the construction.

Botkins Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

Net position for debt service increased as property tax receipts were enough to cover the required debt service payments in fiscal year 2014. Unrestricted net position is the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements. Unrestricted net position increased \$530,261.

Table 2 reflects the changes in net position for fiscal year 2014 compared to fiscal year 2013.

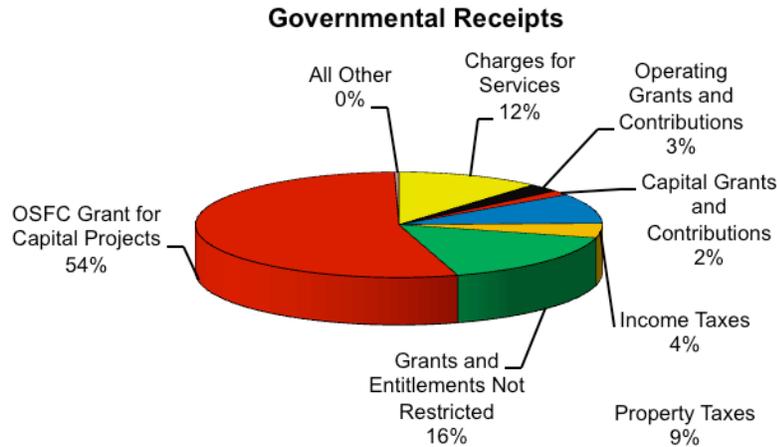
(Table 2)
Changes in Net Position

	Governmental Activities 2013	Governmental Activities 2014
Receipts:		
Program Receipts:		
Charges for Services	\$1,489,146	\$1,735,351
Operating Grants and Contributions	352,877	387,521
Capital Grants and Contributions	0	218,869
Total Program Receipts	<u>1,842,023</u>	<u>2,341,741</u>
General Receipts:		
Property Taxes	1,423,084	1,401,453
Income Taxes	624,960	673,462
Grants and Entitlements Not Restricted to Specific Programs	7,792,179	2,481,320
OSFC Grant for Capital Projects	0	8,259,966
All Other	23,550	52,139
Total General Receipts	<u>9,863,773</u>	<u>12,868,340</u>
Total Receipts	<u>11,705,796</u>	<u>15,210,081</u>
Disbursements:		
Instruction	2,881,929	3,247,075
Support Services:		
Pupils and Instructional Staff	493,797	505,663
Board of Education, Administration, and Fiscal	696,027	673,345
Operation and Maintenance of Plant	440,371	443,412
Pupil Transportation	167,608	203,036
Central	2,173	2,271
Operation of Non-Instructional Services	212,713	212,095
Extracurricular Activities	267,142	268,801
Capital Outlay	2,256,898	12,048,803
Debt Service	365,481	404,363
Total Disbursements	<u>7,784,139</u>	<u>18,008,864</u>
Increase (Decrease) in Net Position	3,921,657	(2,798,783)
Net Position, Beginning of Year	10,928,148	14,849,805
Net Position, End of Year	<u>\$14,849,805</u>	<u>\$12,051,022</u>

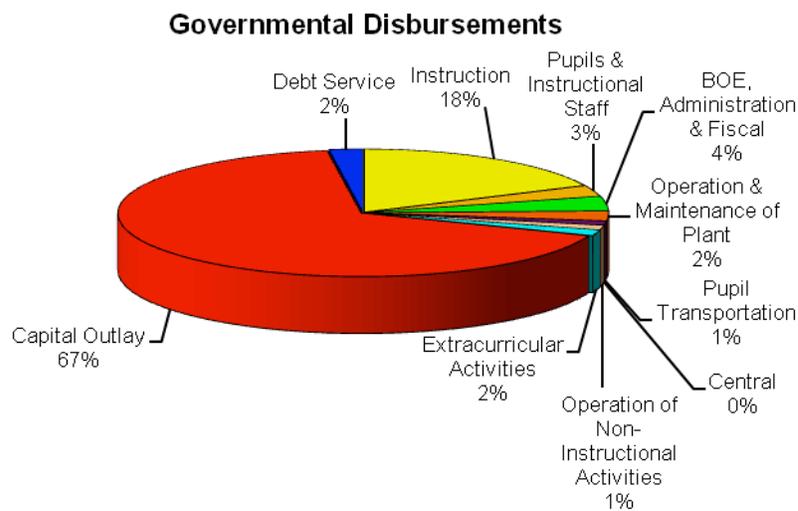
Governmental Activities

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for the School District Operations. Property taxes make up only 9% of receipts for 2014. Income taxes made up 4% of receipts for 2014. Grants and entitlements not restricted, consists largely of state foundation monies. Grants and entitlements made up 16% of receipts for 2014. The largest revenue source for fiscal year 2014 was OSFC Grant for Capital Projects which represented 54% of total receipts.

Botkins Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014



For fiscal year 2014, as the construction of a new K-12 building started, capital outlay disbursements accounted for 67% of the School District's disbursements.



If you look at the Statement of Activities on page 56 you will see that the first column lists the major services provided by the School District. The next column identifies the costs of providing these services. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the School District that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the statement.

A comparison between the total cost of services and the net cost is presented in Table 3.

Botkins Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

(Table 3)

	Governmental Activities			
	Total Cost Of Services 2013	Net Cost of Services 2013	Total Cost Of Services 2014	Net Cost of Services 2014
Instruction	\$2,881,929	(\$1,520,185)	\$3,247,075	(\$1,588,864)
Support Services:				
Pupils and Instructional Staff	493,797	(341,154)	505,663	(379,265)
Board of Education, Administration and Fiscal	696,027	(685,267)	673,345	(673,345)
Operation and Maintenance of Plant	440,371	(424,584)	443,412	(410,926)
Pupil Transportation	167,608	(165,160)	203,036	(197,226)
Central	2,173	(2,173)	2,271	(2,271)
Operation of Non-Instructional Services	212,713	4,890	212,095	11,357
Extracurricular Activities	267,142	(186,104)	268,801	(192,286)
Capital Outlay	2,256,898	(2,256,898)	12,048,803	(11,829,934)
Debt Service	365,481	(365,481)	404,363	(404,363)
Total Disbursements	<u>\$7,784,139</u>	<u>(\$5,942,116)</u>	<u>\$18,008,864</u>	<u>(\$15,667,123)</u>

The dependence upon property tax receipts and grants and entitlements not restricted to specific programs is apparent. Operation of non-instructional activities revenues consists of disbursements for the food service program. Capital outlay expenditures were covered by grant money from the State of Ohio for 2013.

The School District's Funds

The School District's major funds are the General Fund and the OSFC capital projects fund.

The General Fund's net change in fund balance was \$530,261 as a result of the receipts exceeding disbursements. Increases in tuition and fees (from open enrollment) receipts contributed to the increase.

The OSFC fund had a decrease in fund balances of \$3,367,384 as a large portion of the construction of the new K-12 building was completed in fiscal year 2014.

General Fund Budgeting Highlights

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

During the course of fiscal year 2014, the School District amended its General Fund budget to reflect changing circumstances. During fiscal year 2014, estimated receipts remained the same throughout the fiscal year.

The School District closely monitored expenditures; enabling the School District to spend \$1,254,821 less than what was appropriated. The Administration and Board of Education have made additional dollars available in many categories in order to facilitate the needs of the School District as they arise. With the School District's tight internal controls, additional monies are appropriated in order to allow those individuals in charge to be creative in their educational needs. The School District has a basic belief that it should be prepared to operate in the best manner to meet the needs of those who are being educated. In order to do so, appropriations are made in excess of minimum required funds to allow for variances in individual programs that are beneficial to the student body, yet economically sound. The School District

Botkins Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

has historically held conservative ways of spending dollars so that needs can be met with the interest of the taxpayer in mind.

Capital Assets and Debt Administration

Capital Assets

The School District does not currently keep track of its capital assets and infrastructure except for insurance purposes only.

Debt

Table 4 summarizes the debt outstanding:

Table 4		
Outstanding Debt at June 30,		
	2013	2014
Building Assistance Bond	\$150,000	\$120,000
School Improvement Bonds	6,950,000	6,890,000
Bus Loans/Leases	63,360	95,567
Totals	\$7,163,360	\$7,105,567

For further information regarding the School District's debt, refer to Notes 10 to the basic financial statements.

Current Issues

The School District is proud of its community support of the public schools. The School District's voters have approved permanent improvement levies by large margins. The upkeep and major renovations of the building has been done with permanent improvement monies therefore reducing those expenses from the General Fund.

In May 2014, Botkins Local School voters approved a 2.0 mill renewal levy for five years. The levy is for purposes of permanent improvements to the schools. For the owner of a \$100,000 home, the levy costs \$57.12

The Board placed a 7.99 mill bond levy on the November 8th, 2011, ballot to build a new K-12 school, which was approved by the voters. The Ohio School Facilities Commission will pay 75% of the cost of a new K-12 school building. So, the local share of the project is only 25%, plus any locally funded initiatives (LFIs).

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Joanna (Jody) Jones, Treasurer at 404 E. State Street, Post Office Box 550, Botkins, Ohio 45306.

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Botkins Local School District
Statement of Net Position - Cash Basis
June 30, 2014

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$11,760,414
Cash and Cash Equivalents with Fiscal Agents	290,608
<i>Total Assets</i>	<i>\$12,051,022</i>
 Net Position	
Restricted for:	
Capital Outlay	\$7,137,337
Debt Service	756,742
Other Purposes	224,116
Bus Purchases	4,033
Unrestricted	3,928,794
<i>Total Net Position</i>	<i>\$12,051,022</i>

See accompanying notes to the basic financial statements

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

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$2,444,235	\$1,442,828	\$51,103	\$0	(\$950,304)
Special	509,520	0	130,488	0	(379,032)
Vocational	179,652	0	25,572	0	(154,080)
Student Intervention Services	64,786	0	8,220	0	(56,566)
Other	48,882	0	0	0	(48,882)
Support Services:					
Pupil	218,868	39,193	29,772	0	(149,903)
Instructional Staff	286,795	0	57,433	0	(229,362)
Board of Education	28,766	0	0	0	(28,766)
Administration	433,837	0	0	0	(433,837)
Fiscal	210,742	0	0	0	(210,742)
Operation and Maintenance of Plant	443,412	26,791	5,695	0	(410,926)
Pupil Transportation	203,036	5,810	0	0	(197,226)
Central	2,271	0	0	0	(2,271)
Operation of Non-Instructional Services	212,095	144,214	79,238	0	11,357
Extracurricular Activities	268,801	76,515	0	0	(192,286)
Capital Outlay	12,048,803	0	0	218,869	(11,829,934)
Principal Retirement	135,925	0	0	0	(135,925)
Interest and Fiscal Charges	268,438	0	0	0	(268,438)
<i>Total Governmental Activities</i>	<u>\$18,008,864</u>	<u>\$1,735,351</u>	<u>\$387,521</u>	<u>\$218,869</u>	<u>(15,667,123)</u>
General Receipts					
Property Taxes Levied for:					
General Purposes					921,919
Capital Outlay					85,552
Debt Service					372,595
Other Purposes					21,387
Income Taxes Levied for General Purposes					673,462
Grants and Entitlements not Restricted to Specific Programs					2,481,320
OSFC Grant for Capital Projects					8,259,966
Gifts and Donations not Restricted to Specific Programs					1,412
Interest					30,732
Miscellaneous					19,995
<i>Total General Receipts</i>					<u>12,868,340</u>
Change in Net Position					(2,798,783)
<i>Net Position Beginning of Year</i>					<u>14,849,805</u>
<i>Net Position End of Year</i>					<u>\$12,051,022</u>

See accompanying notes to the basic financial statements

Botkins Local School District
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2014

	General	OSFC	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,928,794	\$6,034,923	\$1,792,664	\$11,756,381
Restricted Assets:				
Cash and Cash Equivalents with Fiscal/Escrow Agent		290,608	0	290,608
Equity in Pooled Cash and Cash Equivalents	4,033	0	0	4,033
<i>Total Assets</i>	<u>\$3,932,827</u>	<u>\$6,325,531</u>	<u>\$1,792,664</u>	<u>\$12,051,022</u>
Fund Balances				
Restricted	\$4,033	\$6,325,531	\$1,792,664	\$8,122,228
Committed	104,809	0	0	104,809
Assigned	1,192,135	0	0	1,192,135
Unassigned	2,631,850	0	0	2,631,850
<i>Total Fund Balances</i>	<u>\$3,932,827</u>	<u>\$6,325,531</u>	<u>\$1,792,664</u>	<u>\$12,051,022</u>

See accompanying notes to the basic financial statements

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

	General	OSFC	Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$921,919	\$0	\$479,534	\$1,401,453
Income Taxes	673,462	0	0	673,462
Intergovernmental	2,396,766	8,259,966	455,491	11,112,223
Interest	1,969	27,600	1,163	30,732
Tuition and Fees	1,442,828	0	0	1,442,828
Rentals	6,124	0	3,140	9,264
Extracurricular Activities	39,193	0	76,379	115,572
Contributions and Donations	6,092	0	230,773	236,865
Charges for Services	0	0	150,152	150,152
Miscellaneous	24,044	0	156	24,200
<i>Total Receipts</i>	<u>5,512,397</u>	<u>8,287,566</u>	<u>1,396,788</u>	<u>15,196,751</u>
Disbursements				
Current:				
Instruction:				
Regular	2,393,741	0	50,494	2,444,235
Special	379,118	0	130,402	509,520
Vocational	173,402	0	6,250	179,652
Student Intervention Services	56,566	0	8,220	64,786
Other	48,882	0	0	48,882
Support Services:				
Pupil	195,652	0	23,216	218,868
Instructional Staff	191,031	0	95,764	286,795
Board of Education	28,766	0	0	28,766
Administration	433,837	0	0	433,837
Fiscal	197,502	0	13,240	210,742
Operation and Maintenance of Plant	420,746	0	22,666	443,412
Pupil Transportation	171,575	0	31,461	203,036
Central	2,271	0	0	2,271
Operation of Non-Instructional Services	289	0	211,806	212,095
Extracurricular Activities	192,286	0	76,515	268,801
Capital Outlay	0	11,654,950	393,853	12,048,803
Debt Service:				
Principal Retirement	0	0	135,925	135,925
Interest and Fiscal Charges	0	0	268,438	268,438
<i>Total Disbursements</i>	<u>4,885,664</u>	<u>11,654,950</u>	<u>1,468,250</u>	<u>18,008,864</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>626,733</u>	<u>(3,367,384)</u>	<u>(71,462)</u>	<u>(2,812,113)</u>
Other Financing Sources (Uses)				
Insurance Recoveries	0	0	13,330	13,330
Transfers In	0	0	39,172	39,172
Transfers Out	(39,172)	0	0	(39,172)
Advances In	17,700	0	75,000	92,700
Advances Out	(75,000)	0	(17,700)	(92,700)
<i>Total Other Financing Sources (Uses)</i>	<u>(96,472)</u>	<u>0</u>	<u>109,802</u>	<u>13,330</u>
<i>Net Change in Fund Balances</i>	530,261	(3,367,384)	38,340	(2,798,783)
<i>Fund Balances Beginning of Year</i>	<u>3,402,566</u>	<u>9,692,915</u>	<u>1,754,324</u>	<u>14,849,805</u>
<i>Fund Balances End of Year</i>	<u>\$3,932,827</u>	<u>\$6,325,531</u>	<u>\$1,792,664</u>	<u>\$12,051,022</u>

See accompanying notes to the basic financial statements

Botkins Local School District
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Property Taxes	\$953,000	\$953,000	\$921,919	(\$31,081)
Income Taxes	620,000	620,000	673,462	53,462
Intergovernmental	2,325,225	2,325,225	2,396,766	71,541
Interest	3,300	3,300	1,969	(1,331)
Tuition and Fees	1,195,900	1,195,900	1,442,828	246,928
Rentals	6,000	6,000	6,124	124
Contributions and Donations	2,000	2,000	1,412	(588)
Miscellaneous	4,000	4,000	10,527	6,527
<i>Total Receipts</i>	<u>5,109,425</u>	<u>5,109,425</u>	<u>5,455,007</u>	<u>345,582</u>
Disbursements				
Current:				
Instruction:				
Regular	2,462,532	2,599,031	2,399,511	199,520
Special	417,534	478,034	405,377	72,657
Vocational	193,315	201,315	173,652	27,663
Student Intervention Services	41,500	61,500	56,566	4,934
Other	45,000	70,500	49,382	21,118
Support Services:				
Pupil	167,675	187,675	155,717	31,958
Instructional Staff	257,324	256,324	192,884	63,440
Board of Education	39,300	39,300	28,766	10,534
Administration	1,497,768	1,046,744	440,716	606,028
Fiscal	160,225	245,450	197,502	47,948
Operation and Maintenance of Plant	460,177	460,977	420,593	40,384
Pupil Transportation	191,533	191,533	172,200	19,333
Central	4,050	4,050	2,271	1,779
Operation of Non-Instructional Services	0	25,500	289	25,211
Extracurricular Activities	234,600	234,600	192,286	42,314
Capital Outlay	40,000	45,000	5,000	40,000
<i>Total Disbursements</i>	<u>6,212,533</u>	<u>6,147,533</u>	<u>4,892,712</u>	<u>1,254,821</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,103,108)</u>	<u>(1,038,108)</u>	<u>562,295</u>	<u>1,600,403</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	0	0	0
Refund of Prior Year Expenditures	2,000	2,000	13,518	11,518
Transfers Out	(110,000)	(175,000)	(74,172)	100,828
Advances In	0	0	17,700	17,700
Advances Out	(100,000)	(100,000)	(75,000)	25,000
<i>Total Other Financing Sources (Uses)</i>	<u>(208,000)</u>	<u>(273,000)</u>	<u>(117,954)</u>	<u>155,046</u>
<i>Net Change in Fund Balance</i>	<u>(1,311,108)</u>	<u>(1,311,108)</u>	<u>444,341</u>	<u>1,755,449</u>
<i>Fund Balance Beginning of Year</i>	<u>3,279,404</u>	<u>3,279,404</u>	<u>3,279,404</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>33,226</u>	<u>33,226</u>	<u>33,226</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,001,522</u>	<u>\$2,001,522</u>	<u>\$3,756,971</u>	<u>\$1,755,449</u>

See accompanying notes to the basic financial statements

Botkins Local School District
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
June 30, 2014

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$34,551	\$122,703
Liabilities		
Due to Students	0	\$122,703
Net Position		
Held in Trust for Scholarships:		
Expendable	32,851	
Non-expendable	1,700	
Total Net Position	\$34,551	

See accompanying notes to the basic financial statements

Botkins Local School District
Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Funds
For the Fiscal Year Ended June 30, 2014

	Private Purpose Trust
Additions	
Gifts and Contributions	\$8,125
Interest	1,187
Total Additions	9,312
 Deductions	
Scholarships	6,700
 Change in Net Position	2,612
 Net Position - Beginning of Year	31,939
 Net Position - End of Year	\$34,551

See accompanying notes to the basic financial statements

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

Note 1 - Description of the School District and Reporting Entity

The Botkins Local School District (The School District) is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio, and 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 form of government consisting of five members elected at-large for staggered four year terms. The School District is located in Shelby County. The Board of Education controls the School District's instructional/support building which is staffed by 27 classified employees and 39 certificated full-time personnel who provide services to 633 students and other community members. It currently operates one instructional/support building.

Reporting Entity

A. Primary Government

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

B. Component Units

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

The School District participates in three jointly governed organizations and three insurance purchasing pools. Note 14 to the basic financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

- Western Ohio Computer Organization
- Southwestern Ohio Educational Purchasing Council
- Southwestern Ohio Instructional Technology Association

Insurance Purchasing Pools:

- Ohio Association of School Business Officials Workers' Compensation
- Southwestern Group Rating Plan
- Shelby County Schools Consortium
- Southwestern Ohio Educational Council Property, Fleet and Liability Insurance Program

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

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. However, the School District does not have any business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

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

Fund Financial Statements

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

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

Note 2 - Summary of Significant Accounting Policies (Continued)

B. Fund Accounting

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

Governmental Funds

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The 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.

OSFC – This capital projects fund accounts for the bond proceeds and intergovernmental revenue for the Ohio School Facilities Commission Project, the building of a new K-12 building.

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

Fiduciary Funds

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District's private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature. The School District's agency fund accounts for those student activity programs which have student participation in the activities and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

C. Basis of Accounting

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

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

Note 2 - Summary of Significant Accounting Policies (Continued)

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. If the School District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

D. Budgetary Process

Ohio law requires all funds, other than agency funds, to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which use the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The Board of Education uses the fund level for each fund for the general fund, the bond retirement debt service fund, classroom facilities special revenue fund and the permanent improvement capital projects fund and the fund level for all other funds as its legal level of control.

The certificate of estimated resources may be amended during the fiscal year if the School District Treasurer projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budget in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

The Board may amend appropriations throughout the fiscal year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation for that fund covering the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budget represent the final appropriation the Board passed during the fiscal year.

E. Cash and Investments

The School District pools cash from all funds for investment purposes. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

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

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

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

Note 2 - Summary of Significant Accounting Policies (Continued)

During fiscal year 2014, the School District invested in Federated Government Obligations Mutual Fund.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2014 was \$1,969, which included \$1,360 assigned from other School District funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted cash in the General Fund and OSFC funds include amounts State statute requires to be set aside for bus purchases and amounts in retainage accounts.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

The School District reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

L. Long-term Obligations

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

M. Net position

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. Net position restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to cash disbursement for specified purposes. The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

N. Fund Balance

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

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

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

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

Assigned – Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

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 fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3- Deposits and Investments

Investment Policies

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

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

Interim deposits are 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 and interest by the United States;

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

Note 3- Deposits and Investments (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.

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

At fiscal year end, the School District had \$16,295 with the Community Foundation of Shelby County. The Foundation administrators the Botkins Student Memorial Scholarship Fund. Further information on the coverage of these deposits can be obtained from Marian Spicer, Executive Director, 100 South Main Avenue, Suite 202, Sidney, Ohio 45365-2771.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution in security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

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

Note 3- Deposits and Investments (Continued)

At fiscal year-end, the carrying amount of the School District’s deposits was \$10,950,917. Cash balances per the bank were \$11,158,659. \$2,790,609 of the School District’s deposits was insured by Federal depository insurance. As of June 30, 2014, \$8,368,050 of the School District’s bank balance of \$11,158,659 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the School District’s name.

Investments

The School District had the following investments at June 30, 2014:

Investment	Maturity	Fair Value
Federated Government Obligations Mutual Fund	51 days	\$ 1,241,064

Interest Rate Risk - The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District’s investment policy does not further limit its investment choices.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirements of ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.

Credit Risk – State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District’s investment policy does not further limit its investment choices. The investment in Federated Government Obligations fund is AAAM by Standard & Poor’s.

Concentration of Credit Risk - The School District places no limits on the amount the School District may invest in any one issuer. The School District’s investment in the Federated Government Obligations Fund was 100%.

Note 4 - Property Taxes

Property taxes include amounts levied against all real property and public utility property located in the School District.

Real property tax receipts received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value.

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

Note 4 - Property Taxes (Continued)

Public utilities subject to taxation on their tangible personal property include electric, rural electric, natural gas, pipeline, water works, water transportation, heating and telegraph companies. The tax rates vary according to the type of public utility. Public utility taxes are levied on all tangible personal property owned and located in Ohio on December 31 of the preceding year.

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

Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Shelby and Auglaize Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2013 Second- Half Collections		2014 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$47,717,520	93.80%	\$48,049,360	93.83%
Public Utility Personal	3,157,560	6.20	3,157,560	6.17
Total	\$50,875,080	100.00 %	\$51,206,920	100.00 %
Tax rate per \$1,000 of assessed valuation	\$35.39		\$35.39	

Note 5 – Income Taxes

Effective January 1, 2009, the School District levies a voted tax of 1.25 percent for general operations on the income of residents and of estates. This is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

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

Note 6 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The School District contracted with Arthur Gallagher Risk Management Services Inc. through the Southwestern Ohio Educational Purchasing Council. Coverage provided is as follows:

Building and Contents (\$1,000 deductible)	\$350,000,000
Crime Insurance (\$1,000 deductible)	500,000
Automobile Liability (\$1,000 deductible)	
Per Occurrence	1,000,000
Uninsured/Underinsured Motorists (\$500 deductible)	
Per Occurrence	1,000,000
General Liability	
Per Occurrence	1,000,000
Aggregate Limit	3,000,000
Employer's Liability and Stop Gap	
Per Occurrence	1,000,000
Sexual Abuse/Molestation	1,000,000
School Board Legal Liability (\$5,000 deductible)	
Aggregate Limit	1,000,000
General Excess Liability	
Per Occurrence	5,000,000
Annual Aggregate Limit	5,000,000

Settled claims have not exceeded this commercial coverage in the past three fiscal years. There has been no significant reduction in insurance coverage from last fiscal year.

B. Workers' Compensation

For fiscal year 2014, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Southwestern Group Rating Program (GRP), an insurance purchasing pool (Note 14). 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." 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 Comp Management provides administrative, cost control and actuarial services to the GRP.

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

Note 6 - Risk Management (continued)

C. Employee Medical Benefits

For fiscal year 2014, the School District participated in the Shelby County Schools Consortium, an insurance purchasing pool (Note 14). The intent of the Consortium is to achieve the benefit of reduced health insurance premiums for the School District by virtue of its grouping and representation with other participants in the Consortium.

Note 7 - Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution 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 rating among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund and Health Care Fund) of the System. For fiscal year 2014, the allocation to pension and death benefits is 13.1% of annual covered salary. The remaining .9% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds.

The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$87,622, \$78,725, and \$70,485, respectively; 81.07% has been contributed for fiscal year 2014 and 100% for fiscal years 2013 and 2012.

B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member

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

Note 7 - Defined Benefit Pension Plans (Continued)

contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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 these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations (according to the latest information available). Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013, and 2012 were \$307,295, \$302,233, and \$302,426, respectively; 83.69 percent has been contributed for fiscal year 2014 and 100% for fiscal years 2013 and 2012.

Note 8 – Postemployment Benefits

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan.

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 2014 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.

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

Note 8 – Postemployment Benefits (Continued)

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$5,083, \$4,447, and \$4,162, respectively; 81.07 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

Health Care Plan – ORC 3309.375 and 2209.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, 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 percent contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is .14 percent. 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 percent of that employer's SERS covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS covered payroll for health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,250. 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's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$13,009, \$12,053, and \$14,302, respectively; 81.07 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The SERS Retirement Board establishes 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.

The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on the SERS' at www.ohsers.org under employers/audit resources.

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

Note 8 – Postemployment Benefits (Continued)

B. State Teachers Retirement System of Ohio

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians’ fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$23,638, \$23,249, and \$23,264, respectively; 83.69 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

Note 9 – Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible 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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 45 days.

B. Insurance Benefits

The School District provides medical and dental insurance through Anthem to its full-time employees.

C. Deferred Compensation

Employees may elect to participate in the Ohio Association of School Business Officials Deferred Compensation Plan. The plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

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

Note 10 – Long-Term Debt

The changes in the School District’s long-term obligations during the fiscal year consist of the following:

	Amount Outstanding 6/30/13	Additions	Deletions	Amount Outstanding 6/30/14	Amount Due in One Year
Governmental Activities					
Building Assistance Bond 1995 5.1-6.85%	\$150,000	\$0	(\$30,000)	\$120,000	\$30,000
School Improvement Bonds 2012 2-4.25%					
Serial Bonds	895,000	-	(60,000)	835,000	115,000
Term Bonds	5,995,000	-	-	5,995,000	-
Capital Appreciation Bonds	60,000	-	-	60,000	-
Bus Loan 2012 2.5%	63,360	-	(25,773)	37,587	26,433
Bus Lease 2013 2.12%	-	78,132	(20,152)	57,980	18,923
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Governmental Activities Long-Term Liabilities	<u>\$7,163,360</u>	<u>\$78,132</u>	<u>(\$135,925)</u>	<u>\$7,105,567</u>	<u>\$190,356</u>

Building Assistance Bond – On January 15, 1995, Botkins Local School District issued \$750,000 in voted general obligation bonds for the purpose of the acquisition, construction, reconstruction and improvements of buildings and structures and the acquisition of sites. The bonds were issued for a twenty-year period with a final maturity during fiscal year 2018. The bonds will be retired from the Bond Retirement Debt Service Fund.

School Improvement Bonds – On April 4, 2012, the School District issued \$6,950,000 in school improvement bonds for the purpose of paying the local share of building a new k-12 building in conjunction with the Ohio School Facilities Commission. The bonds were issued for a thirty-five year period with a final maturity date on December 1, 2046. The bonds will be retired from the Bond Retirement Debt Service Fund. A portion of the bonds, \$60,000, are capital appreciation bonds which will be accreted over the life of the bonds and have a maturity amount of \$145,000.

Bus Loan – On April 15, 2012, Botkins Local School District received a loan from US Bank for a school bus in the amount of \$78,100. The loan will mature November 15, 2015. The loan will be retired from the Permanent Improvement Capital Projects Fund.

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

Note 10 – Long-Term Debt (continued)

Bus Lease – On September 17, 2013, Botkins Local School District entered into a lease purchase agreement with De Lage Landen Public Finance LLC for a school bus in the amount of \$78,132. The lease will mature September 17, 2016. The lease will be retired from the Permanent Improvement Fund.

At June 30, 2014, the School District's has debt in excess of the nine percent debt limitation allowed by Ohio Revised Code. The School District has obtained "special needs" from the State in order to exceed the nine percent limitation.

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

Fiscal Year Ending June 30	General Obligation Bonds			Bus Loans		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 145,000	\$ 263,898	\$ 408,898	\$ 45,356	\$ 1,866	\$ 47,222
2016	150,000	260,669	410,669	30,466	897	31,363
2017	155,000	256,763	411,763	19,745	418	20,163
2018	165,000	252,108	417,108	0	0	0
2019	140,000	248,331	388,331	0	0	0
2019-2023	645,000	1,283,394	1,928,394	0	0	0
2024-2028	830,000	1,090,909	1,920,909	0	0	0
2029-2033	985,000	927,746	1,912,746	0	0	0
2034-3038	1,235,000	677,100	1,912,100	0	0	0
2039-2043	1,510,000	381,925	1,891,925	0	0	0
2044-2047	1,050,000	68,213	1,118,213	0	0	0
Grand Total	\$ 7,010,000	\$ 5,711,056	\$ 12,721,056	\$ 95,567	\$ 3,181	\$ 98,748

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

Note 11 – Fund Balance

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

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

Fund Balance	General	OSFC	Other Governmental Funds	Total Governmental Funds
Restricted for:				
Food Service Operations	\$ -	\$ -	\$ 63,163	\$ 63,163
Copeland Grants	-	-	12,694	12,694
Classroom Maintenance	-	-	115,545	115,545
Athletics	-	-	32,714	32,714
Capital Improvements	-	6,325,531	811,806	7,137,337
Debt Service	-	-	756,742	756,742
Bus Purchases	4,033	-	-	4,033
Total Restricted	4,033	6,325,531	1,792,664	8,122,228
Committed to:				
Future Severance Payments	104,809	-	-	104,809
Assigned for:				
Unpaid Obligations	48,159	-	-	48,159
FY 15 Appropriations	1,121,087	-	-	1,121,087
Educational Activities	14,210	-	-	14,210
Playground Equipment	8,679	-	-	8,679
Total Assigned	1,192,135	-	-	1,192,135
Unassigned	2,631,850	-	-	2,631,850
Total Fund Balance	\$ 3,932,827	\$ 6,325,531	\$ 1,792,664	\$ 12,051,022

Note 12 – Interfund Transactions

During fiscal year 2013, the School District advanced the Race to the Top special revenue fund \$17,700. The money was returned early in fiscal year 2014 when grant monies were received. During fiscal year 2014, the School District advanced \$75,000 from the General Fund to the Permanent Improvement fund for the Scrap Tire Grant. The money will be returned in fiscal year 2015 when grant monies are received.

During fiscal year 2014, the School District transferred \$39,172 to the Permanent Improvement Fund. Of this amount, \$32,870 was for the scrap tire grant.

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

Note 13 - Set-Aside Calculations

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

The following cash basis information identifies the changes in the fund balance reserves capital improvements during fiscal year 2014.

	Capital Acquisitions
Set-aside Reserve Balance as of June 30, 2013	\$0
Current Year Set-aside Requirement	101,550
Current Year Offsets	(106,940)
Totals	(\$5,390)
Set-aside Reserve Balances as of June 30, 2014	\$0

The School District had offsets during the fiscal year that reduced the capital improvements set-aside amounts below zero. Only unused bond proceeds from classroom facilities are allowed to be carried forward.

Note 14 - Jointly Governed Organizations and Insurance Purchasing Pools

A. Jointly Governed Organizations

Western Ohio Computer Organization - The School District is a participant in the Western Ohio Computer Organization (WOCO) which is a computer consortium. The Western Ohio Computer Organization is one of the 23 Information Technology Center's (ITC) in the state of Ohio, which were formed in the late 70's, early 80's. These "ITC's" were originally charged to provide computer services to the member school district's fiscal offices, forming what is known today as the OECN, The Ohio Educational Computer Network. WOCO began its operations in 1980 providing computer services to 29 members school districts located in the five county area of Shelby, Auglaize, Hardin, Logan and Champaign. Today WOCO provides technical services to 34 public school districts, 5 public charter schools and 4 non-public districts.

The governing board of WOCO consists of fourteen members who consist of the Superintendent of the Fiscal Agent, two Superintendents from each county (Auglaize, Champaign, Hardin, Logan and Shelby), one representative from the city schools and one representative each from the treasurer and student services users. The School District paid WOCO \$45,560 for services provided during the fiscal year. Financial information can be obtained from Louis Ivey, who serves as Director, at 129 E. Court Street, Sidney, OH 45365.

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

Note 14 - Jointly Governed Organizations and Insurance Purchasing Pools (Continued)

Southwestern Ohio Educational Purchasing Council - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of 126 school districts in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group.

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 2014, the School District paid \$65,689 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

Southwestern Ohio Instructional Technology Association - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of twenty-three representatives of SOITA member schools or institutions. Twenty-one representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Brown, Butler, Champaign, Clark, Clermont, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area representative. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2014, the School District paid \$497 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Larry Pogue, who serves as Executive Director, at 150 East Sixth Street, Franklin, Ohio 45005.

B. Insurance Purchasing Pools

Ohio Association of School Business Officials Workers' Compensation Southwestern Group Rating Plan - The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (Plan) was established through the Ohio Association of School Business Officials (OASBO) as an insurance purchasing pool. During fiscal year 2014, the School District paid \$4,196 to OASBO.

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

Note 14 - Jointly Governed Organizations and Insurance Purchasing Pools (Continued)

Shelby County Schools Consortium – The Shelby County Schools Consortium is an insurance purchasing pool among seven local school districts and the Shelby County Educational Service Center. The purpose of the Consortium is to achieve more favorable rates for employee insurance by creating a larger pool on which to base the insurance experience. The Consortium acts to provide health/surgical, dental and term-life benefits to its participants at a lower rate than if individual districts acted independently.

Each school district pays monthly premiums to the provider, currently Anthem Blue Cross/Blue Shield for dental and health insurance and Medical Life Insurance Company for life insurance. The Consortium is governed by an administrative committee consisting of the superintendent from each participating school district and the educational service center. The degree of control exercised by any participating school district is limited to its representation on the committee. During fiscal year 2014, the School District paid \$179,803 to the Consortium. Financial information can be obtained from Mike Elsass, who serves as consultant to the group, Elsass/Hecker CLU's, 131 N. Ludlow St. Dayton, Ohio 45402.

Southwestern Ohio Educational Council Property, Fleet and Liability Insurance Program – The School District participates in the Southwestern Ohio Educational Council Property, Fleet and Liability Program (PFL). The PFL's business affairs are conducted by a six member committee consisting of various PFL representatives that are elected by the general assembly. The purpose of the program is to jointly provide or obtain casualty, property, employer liability, general liability, risk management, professional liability, group coverage and other protections for participating school districts. Financial information can be obtained from Ken Swink, Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

Note 15 – Donor Restricted Endowments

The School District's private purpose trust funds include donor-restricted endowments. These assets are shown as net position held in trust for scholarships - non-expendable to represent the principal portion of the endowment. The amount of net appreciation in donor-restricted investments that is available for expenditures by the governing body is shown as net position held in trust for scholarships - expendable. State law permits the governing board to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments of the private purpose funds indicate that the interest should be used to provide scholarships.

Note 16 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balances - Budget and Actual – Budget Basis presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and cash basis is

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

Note 16 – Budgetary Basis of Accounting (continued)

- 1.) Outstanding year-end encumbrances are treated as cash disbursements (budgetary) rather than as a reservation of fund balance (cash basis) and
- 2.) Perspective differences resulting from differences in fund structure.

Cash Basis net change in fund balance	\$530,261
Perspective Differences	(37,760)
Adjustment for Encumbrances	(48,160)
Budget Basis net change in fund balance	<u>\$444,341</u>

Note 17 – Significant Contractual Commitments

The School District had the following contractual commitments at June 30, 2014:

Vendor	Amount	Expended	Balance
Fanning/Howey & Associates	\$ 1,328,483	\$ 1,088,073	\$ 240,410
CTL Engineering	157,981	130,941	27,040
Stan Engineers	69,017	27,097	41,920
Resource International, Inc.	1,212,594	846,113	366,481
Charles Construction Services	10,004,155	6,911,748	3,092,407
Vulcan Enterprises, Inc.	220,026	133,654	86,372
Feldkamp Enterprises, Inc.	3,108,113	2,460,615	647,498
Active Electric, Inc.	2,552,288	1,826,673	725,615
Microman	418,290	102,758	315,532
Timberland Landscape Inc	107,420	-	107,420

Note 18 - Contingencies

A. Grants

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

B. Litigation

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

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

Note 19 – Change in Accounting Principles

For fiscal year 2014, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 70, “*Accounting and Financial Reporting for Nonexchange Financial Guarantees.*” GASB Statement No. 70 provides guidance for reporting financial guarantees that are nonexchange transactions extended or received by a state or local government. The implementation of this statement had no effect on the School District.

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Dave Yost • Auditor of State

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

Botkins Local School District
Shelby County
404 E. State Street
Botkins, Ohio 45306

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Botkins Local School District, Shelby County, (the School District) as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated April 12, 2016, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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 12, 2016



Dave Yost • Auditor of State

BOTKINS LOCAL SCHOOL DISTRICT

SHELBY 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 3, 2016**