

**MINSTER LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
*(AUDITED)***

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

LAURA KLOSTERMAN, TREASURER



Dave Yost • Auditor of State

Board of Education
Minster Local School District
50 East Seventh Street
Minster, Ohio 45865

We have reviewed the *Independent Auditor's Report* of the Minster Local School District, Auglaize County, prepared by Julian & Grube, Inc., for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

February 10, 2016

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**MINSTER LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY, OHIO**

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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

Minster Local School District
Auglaize County
50 East Seventh Street
Minster, Ohio 45865

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Education
Independent Auditor's Report

Opinion

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

Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the Minster Local School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. 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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, on our consideration of the Minster Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Minster Local School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.
November 30, 2015

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

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

USING THIS ANNUAL REPORT

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

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

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

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

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

REPORTING THE SCHOOL DISTRICT AS A WHOLE

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

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

These statements report the School District's cash position and the changes in cash position. Factors which contribute to these changes may also include 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, all of the School District's activities are presented as governmental activities. All of the School District's programs and services are reported here including instruction, support services, noninstructional services, extracurricular activities, capital outlay, and debt service disbursements.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

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

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

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

THE SCHOOL DISTRICT AS A WHOLE

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

	Table 1 Net Position		
	2014	2013	Change
<u>Assets:</u>			
Cash and Cash Equivalents	\$2,872,582	\$1,707,468	\$1,165,114
<u>Net Position:</u>			
Restricted	\$960,017	\$848,986	\$111,031
Unrestricted	1,912,565	858,482	1,054,083
	\$2,872,582	\$1,707,468	\$1,165,114

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

Total net position increased by 68 percent. Restricted net position increased from property tax receipts being greater than debt service requirements. Unrestricted net position increased due to an increase in income tax receipts as well as an increase in State funding due to a change in the funding formula calculation.

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

Table 2
Change in Net Position

	Governmental Activities		Change
	2014	2013	
<u>Receipts:</u>			
Program Receipts			
Charges for Services	\$506,804	\$467,620	\$39,184
Operating Grants, Contributions, and Interest	613,455	564,179	49,276
Capital Grants and Contributions	5,300	21,260	(15,960)
Total Program Receipts	<u>1,125,559</u>	<u>1,053,059</u>	<u>72,500</u>
General Receipts			
Property Taxes Levied for General Purposes	3,363,352	3,305,271	58,081
Property Taxes Levied for Recreation	11,786	11,665	121
Property Taxes Levied for Debt Service	850,276	834,396	15,880
Property Taxes Levied for Permanent Improvements	30,623	30,120	503
Income Taxes	1,653,638	1,104,609	549,029
Payment in Lieu of Taxes	45,445	45,445	0
Grants and Entitlements	3,946,131	3,689,397	256,734
Interest	6,370	4,105	2,265
Miscellaneous	165,569	147,949	17,620
Total General Receipts	<u>10,073,190</u>	<u>9,172,957</u>	<u>900,233</u>
Total Receipts	<u>11,198,749</u>	<u>10,226,016</u>	<u>972,733</u>
<u>Disbursements:</u>			
Instruction:			
Regular	4,460,325	4,206,075	(254,250)
Special	627,828	602,441	(25,387)
Vocational	173,201	195,280	22,079
Support Services:			
Pupils	780,987	732,391	(48,596)
Instructional Staff	230,919	366,306	135,387
Board of Education	26,527	30,470	3,943
Administration	523,839	498,565	(25,274)
Fiscal	273,203	230,551	(42,652)
Operation and Maintenance of Plant	847,285	830,059	(17,226)
Pupil Transportation	227,185	216,833	(10,352)
Central	17,365	64,033	46,668

(continued)

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

Table 2
Change in Net Position
(continued)

	Governmental Activities 2014	Governmental Activities 2013	Change
<u>Disbursements:</u> (continued)			
Noninstructional Services	\$357,277	\$340,289	(\$16,988)
Extracurricular Activities	365,706	350,018	(15,688)
Capital Outlay	64,169	56,604	(7,565)
Debt Service:			
Principal Retirement	82,864	247,375	164,511
Interest and Fiscal Charges	372,819	375,819	3,000
Capital Appreciation Bonds Accretion	602,136	432,625	(169,511)
Total Disbursements	<u>10,033,635</u>	<u>9,775,734</u>	<u>(257,901)</u>
Increase in Net Position	1,165,114	450,282	714,832
Net Position at Beginning of Year	<u>1,707,468</u>	<u>1,257,186</u>	<u>450,282</u>
Net Position at End of Year	<u>\$2,872,582</u>	<u>\$1,707,468</u>	<u>\$1,165,114</u>

Program receipts represented 10 percent of total receipts for fiscal year 2014 and are primarily represented by restricted intergovernmental receipts, charges for tuition, fees, extracurricular activities, and food service sales. Charges for services increased from open enrollment and lunch charges. Operating grants, contributions, and interest increased from the change in the State funding formula for special education. Capital grants and contributions decreased due to donations made towards construction of the sports complex in fiscal year 2013.

General receipts increased by almost 10 percent. Income tax receipts increased from an increase in the number of tax filers. Unrestricted grants and entitlements increased from the change in the State foundation funding formula calculation.

Total disbursements changed little from the prior fiscal year; however, there were significant changes by program. Disbursement increases occurred in regular instruction, and pupil, administration, and fiscal programs. Disbursements increased in regular instruction from the reclassification of instructional staff costs to regular instruction with a corresponding decrease in costs in the instructional staff program. Pupils and administration costs increased from the fourth quarter fiscal year 2013 special education excess costs paid in fiscal year 2014 as well as paying all four quarters for excess costs within fiscal year 2014. Fiscal costs increased from the costs of the two year audit cycle.

Decreases in disbursements occurred in the vocational instruction and the board of education and central programs. Vocational instruction costs decreased from excess costs being reimbursed from the Tri Star Career Compact. Board of education costs decreased from consulting fees paid in fiscal year 2013 for the architectural design of the playground. Central disbursements decreased from the reclassification of ISP internet fees from the central program to the operation and maintenance of plant program.

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

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Instruction:				
Regular	\$4,460,325	\$4,206,075	\$4,328,394	\$4,105,642
Special	627,828	602,441	180,049	166,776
Vocational	173,201	195,280	129,281	163,584
Support Services:				
Pupils	780,987	732,391	780,987	732,391
Instructional Staff	230,919	366,306	228,801	364,632
Board of Education	26,527	30,470	26,527	30,470
Administration	523,839	498,565	523,132	497,390
Fiscal	273,203	230,551	273,203	230,551
Operation and Maintenance of Plant	847,285	830,059	839,981	825,059
Pupil Transportation	227,185	216,833	220,431	208,039
Central	17,365	64,033	13,765	60,433
Noninstructional Services	357,277	340,289	(12,341)	4,212
Extracurricular Activities	365,706	350,018	253,878	221,073
Capital Outlay	64,169	56,604	64,169	56,604
Debt Service:				
Principal Retirement	82,864	247,375	82,864	247,375
Interest and Fiscal Charges	372,819	375,819	372,819	375,819
Capital Appreciation Bonds Accretion	602,136	432,625	602,136	432,625
Total Disbursements	<u>\$10,033,635</u>	<u>\$9,775,734</u>	<u>\$8,908,076</u>	<u>\$8,722,675</u>

General receipts paid for 89 percent of all disbursements which is comparable to fiscal year 2013. The most significant program receipts in fiscal year 2014 relate to special instruction and food service. Special instruction is partially paid for with operating grants. Food service (noninstructional services) includes federal and state resources to provide meals to students. Extracurricular activities also has significant receipts relating to sport activities and trip charges that are received to finance these activities.

THE SCHOOL DISTRICT'S FUNDS

The School District's governmental funds are accounted for using the cash basis of accounting. The School District's major governmental funds are the General Fund and Bond Retirement debt service fund.

Fund balance in the General Fund increased significantly due to the increase in income tax receipts and the change in the calculation for State funding. The change in expenditures was not significant.

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

The Bond Retirement debt service fund had an increase in fund balance as tax collections are currently exceeding principal and interest payments.

BUDGETARY HIGHLIGHTS

The School District prepares an annual budget of receipts and disbursements for all funds of the School District for use by School District officials and department heads and prepares such other budgetary documents as are required by State statute, including the annual appropriations resolution which is effective the first day of July. The School District's most significant budgeted fund is the General Fund.

There was no change from original to final budget amounts for receipts. The change from the final budget to actual receipts was not significant. For disbursements, changes from the original budget to the final budget were significant due to additional appropriations approved to replace the roof on an instructional building and install security systems for entry into both instructional buildings. The changes from the final budget to actual disbursements were not significant.

The budgetary statement presentation is at the function level. Since the Board of Education budgets the General Fund at the fund and object level, the negative variance amounts presented on the financial statements do not represent violations of budgetary law.

CURRENT ISSUES

During fiscal year 2014, the Board of Education and the Minster Teacher's Association approved a three-year contract. The economic package included raises of the base salary of 2 percent, 2.5 percent, and 2 percent for contract years 2015, 2016, and 2017, respectively. The employees covered under the alternate PPO health insurance, high deductible health plan, and minimum value HDHP coverages will pay 5 percent, 7 percent, and 10 percent, respectively. The Mercer-Auglaize Area School Employee Welfare Benefit Trust board voted to offer one dental plan, effective January 1, 2015.

In July 2014, the Board of Education adopted a new salary schedule for classified employees. If the adoption of the new schedule creates a reduction in salary, the employee will remain on the old schedule. All those benefitting from the new salary schedule and all new hires will be on the new salary schedule.

As of August 18, 2014, eleven teachers were given pay increases for continuing education. Ten of the eleven teachers moved from the Masters plus fifteen hours scale and one teacher moved to the Masters plus thirty hours pay scale.

The School District entered into several contracts by the end of the fiscal year to replace the high school roof, repair the siding of the high school gymnasium, install technology infrastructure to manage the trend of using mobile devices throughout the School District, and constructing secure entrances at both the elemental and high school buildings.

The Board of Education also approved a list of capital items for fiscal year 2015 that include sealing the brick at the high school building, replace the west-end windows at the high school building, replace the doors in the industrial arts area, replace the doors into the boiler room, replace the agricultural shop exhaust fan, renovate the high school restroom near by the gymnasium, and replace the entrance to the high school gymnasium for a total cost of 162,500.

The Board of Education has committed to the purchase a school bus each year for a three-year period.

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

The Board of Education has also approved the installation of an air conditioning system in the oldest portion of the high school building.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the School District's finances for all those interested in our School District's financial well being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Laura S. Klosterman, Treasurer, 50 East Seventh Street, Minster, Ohio 45865.

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

	<u>Governmental Activities</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,872,582</u>
<u>Net Position</u>	
Restricted for:	
Debt Service	769,308
Capital Projects	24,535
Athletics	14,814
Food Service	94,166
Other Purposes	57,194
Unrestricted	<u>1,912,565</u>
Total Net Position	<u>\$2,872,582</u>

See accompanying notes to the basic financial statements

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

	Program Cash Receipts				Net (Disbursement) Receipt and Change in Net Position
	Disbursements	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$4,460,325	\$97,152	\$29,479	\$5,300	(\$4,328,394)
Special	627,828	4,715	443,064	0	(180,049)
Vocational	173,201	0	43,920	0	(129,281)
Support Services:					
Pupils	780,987	0	0	0	(780,987)
Instructional Staff	230,919	0	2,118	0	(228,801)
Board of Education	26,527	0	0	0	(26,527)
Administration	523,839	0	707	0	(523,132)
Fiscal	273,203	0	0	0	(273,203)
Operation and Maintenance					
of Plant	847,285	0	7,304	0	(839,981)
Pupil Transportation	227,185	0	6,754	0	(220,431)
Central	17,365	0	3,600	0	(13,765)
Noninstructional Services	357,277	297,224	72,394	0	12,341
Extracurricular Activities	365,706	107,713	4,115	0	(253,878)
Capital Outlay	64,169	0	0	0	(64,169)
Debt Service:					
Principal Retirement	82,864	0	0	0	(82,864)
Interest and Fiscal Charges	372,819	0	0	0	(372,819)
Capital Appreciation Bonds Accretion	602,136	0	0	0	(602,136)
Total Governmental Activities	\$10,033,635	\$506,804	\$613,455	\$5,300	(8,908,076)

General Receipts

Property Taxes Levied for:	
General Purposes	3,363,352
Recreation	11,786
Debt Service	850,276
Permanent Improvements	30,623
Income Taxes	1,653,638
Payment in Lieu of Taxes	45,445
Grants and Entitlements not Restricted to Specific Programs	3,946,131
Interest	6,370
Miscellaneous	165,569
Total General Receipts	10,073,190
 Change in Net Position	 1,165,114
 Net Position at Beginning of Year	 1,707,468
 Net Position at End of Year	 \$2,872,582

See accompanying notes to the basic financial statements

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

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental</u>	<u>Total</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,912,565	\$769,308	\$180,633	\$2,862,506
Restricted Assets				
Equity in Pooled Cash and Cash Equivalents	<u>10,076</u>	<u>0</u>	<u>0</u>	<u>10,076</u>
Total Assets	<u>\$1,922,641</u>	<u>\$769,308</u>	<u>\$180,633</u>	<u>\$2,872,582</u>
<u>Fund Balances</u>				
Nonspendable	\$2,703	\$0	\$0	\$2,703
Restricted	7,373	769,308	180,633	957,314
Assigned	705,203	0	0	705,203
Unassigned	<u>1,207,362</u>	<u>0</u>	<u>0</u>	<u>1,207,362</u>
Total Fund Balances	<u>\$1,922,641</u>	<u>\$769,308</u>	<u>\$180,633</u>	<u>\$2,872,582</u>

See accompanying notes to the basic financial statements

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

	General	Bond Retirement	Other Governmental	Total
<u>Receipts</u>				
Property Taxes	\$3,363,352	\$850,276	\$42,409	\$4,256,037
Income Taxes	1,653,638	0	0	1,653,638
Payment in Lieu of Taxes	45,445	0	0	45,445
Intergovernmental	3,889,177	340,327	313,194	4,542,698
Interest	6,370	0	23	6,393
Tuition and Fees	101,867	0	0	101,867
Charges for Services	0	0	297,224	297,224
Extracurricular Activities	0	0	107,713	107,713
Gifts and Donations	10,838	0	11,327	22,165
Miscellaneous	165,379	0	190	165,569
Total Receipts	9,236,066	1,190,603	772,080	11,198,749
<u>Disbursements</u>				
Current:				
Instruction:				
Regular	4,441,910	0	18,415	4,460,325
Special	503,188	0	124,640	627,828
Vocational	173,201	0	0	173,201
Support Services:				
Pupils	729,987	0	51,000	780,987
Instructional Staff	217,861	0	13,058	230,919
Board of Education	26,527	0	0	26,527
Administration	511,391	0	12,448	523,839
Fiscal	253,867	17,462	1,874	273,203
Operation and Maintenance of Plant	839,875	0	7,410	847,285
Pupil Transportation	215,185	0	12,000	227,185
Central	17,365	0	0	17,365
Noninstructional Services	0	0	357,277	357,277
Extracurricular Activities	251,626	0	114,080	365,706
Capital Outlay	0	0	64,169	64,169
Debt Service:				
Principal Retirement	0	82,864	0	82,864
Interest and Fiscal Charges	0	372,819	0	372,819
Capital Appreciation Bond Accretion	0	602,136	0	602,136
Total Disbursements	8,181,983	1,075,281	776,371	10,033,635
Changes in Fund Balances	1,054,083	115,322	(4,291)	1,165,114
Fund Balances at Beginning of Year	868,558	653,986	184,924	1,707,468
Fund Balances at End of Year	\$1,922,641	\$769,308	\$180,633	\$2,872,582

See accompanying notes to the basic financial statements

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

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Receipts</u>				
Property Taxes	\$3,363,352	\$3,363,352	\$3,363,352	\$0
Income Taxes	1,653,638	1,653,638	1,653,638	0
Payment in Lieu of Taxes	45,445	45,445	45,445	0
Intergovernmental	3,850,678	3,850,678	3,889,177	38,499
Interest	6,000	6,000	6,370	370
Tuition and Fees	102,103	102,103	101,867	(236)
Gifts and Donations	12,988	12,988	10,838	(2,150)
Miscellaneous	172,936	172,936	165,379	(7,557)
Total Receipts	9,207,140	9,207,140	9,236,066	28,926
<u>Disbursements</u>				
Current:				
Instruction:				
Regular	7,710,908	8,706,995	4,557,772	4,149,223
Special	50	50	503,238	(503,188)
Vocational	524	524	174,273	(173,749)
Support Services:				
Pupils	0	0	729,987	(729,987)
Instructional Staff	1,507	1,507	234,545	(233,038)
Board of Education	1,204	1,204	26,667	(25,463)
Administration	8,395	8,395	512,103	(503,708)
Fiscal	128,992	137,262	254,732	(117,470)
Operation and Maintenance of Plant	14,249	10,849	1,383,270	(1,372,421)
Pupil Transportation	3,528	3,528	222,410	(218,882)
Central	0	0	17,365	(17,365)
Extracurricular Activities	8,903	6,903	251,626	(244,723)
Total Disbursements	7,878,260	8,877,217	8,867,988	9,229
Excess of Receipts Over Disbursements	1,328,880	329,923	368,078	38,155
<u>Other Financing Uses</u>				
Transfers Out	(110,087)	0	0	0
Changes in Fund Balance	1,218,793	329,923	368,078	38,155
Fund Balance at Beginning of Year	815,637	815,637	815,637	0
Prior Year Encumbrances Appropriated	52,921	52,921	52,921	0
Fund Balance at End of Year	\$2,087,351	\$1,198,481	\$1,236,636	\$38,155

See accompanying notes to the basic financial statements

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

	<u>Agency</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$62,729</u>
<u>Net Position</u>	
Undistributed Assets	\$5,076
Held for Students	<u>57,653</u>
Total Net Position	<u>\$62,729</u>

See accompanying notes to the basic financial statements

Minster 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

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

The School District serves an area of approximately thirty square miles. It is located in Auglaize, Darke, Mercer, and Shelby Counties. The School District is the 511th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by thirty-two classified employees, fifty-nine certified teaching personnel, and four administrative employees who provide services to 880 students and other community members. The School District currently operates two school buildings.

Reporting Entity

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

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

The School District participates in three jointly governed organizations and three insurance pools. These organizations are the Auglaize County Local Professional Development Committee, Western Ohio Computer Organization, Auglaize County Educational Academy, Ohio School Plan, Mercer-Auglaize Area School Employee Welfare Benefit Trust, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

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.

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

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

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

Fiduciary Funds

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District does not have any trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for various student-managed activities and for employee withholdings.

C. Basis of Accounting

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

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

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the summary of levy funds, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The summary of levy funds provides the County Budget Commission information on the estimated receipts and disbursements for those funds that receive property tax receipts. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate.

The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control selected by the Board is the object level for the General Fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function level for the General Fund and the function and object level for all other funds are made by the Treasurer.

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

E. Cash and Investments

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

During fiscal year 2014, the School District’s investments consisted of nonnegotiable certificates of deposit, which are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2014 was \$6,370, which includes \$2,342 assigned from other School District funds.

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

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

F. 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 externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions.

Restricted assets represent unexpended resources restricted for the purchase of school buses and for unclaimed monies.

G. Capital Assets

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

H. Compensated Absences

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

I. Long-Term Obligations

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

J. Net Position

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

K. Fund Balance

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

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

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

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

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

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

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

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

L. Interfund Activity

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

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

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

Note 3 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash, receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as restricted, committed, or assigned fund balance (cash basis). The General Fund encumbrances outstanding at year end (budgetary basis) were \$686,005.

Note 4 - Deposits and Investments

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

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

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

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

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$2,747,102 of the School District's bank balance of \$3,083,301 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

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 be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as 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.

Note 5 - Income Taxes

The School District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2012, and expires on December 31, 2016. 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 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

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

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

	2013 Second- Half Collections		2014 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$124,044,540	99.00%	\$125,156,340	98.99%
Public Utility	1,256,780	1.00	1,282,480	1.01
Total Assessed Value	<u>\$125,301,320</u>	<u>100.00%</u>	<u>\$126,438,820</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$53.17		\$53.17	

Note 7 - Payment in Lieu of Taxes

According to State law, the Village of New Bremen has entered into a Community Reinvestment Area agreement with one property owner under which the Village has granted property tax exemptions to that property owner. The property owner has agreed to make payments to the Village which reflect all or a portion of the property taxes which the property owner would have paid if their taxes had not been exempted. The agreement requires a portion of these payments to be made to the School District. The property owner contractually promises to make these payments in lieu of taxes until the agreement expires.

Note 8 - Interfund Balances

At June 30, 2014, the General Fund had an unpaid interfund cash advance, in the amount of \$3,700, from other governmental funds to provide cash flow resources until the receipt of district managed student activities receipts.

Note 9 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014, the School District contracted for the following insurance coverage.

Coverage provided by the Ohio School Plan is as follows:

General Liability	
Per Occurrence	\$5,000,000
Aggregate	7,000,000
Automobile Liability	5,000,000
Building and Contents	41,450,790
Earthquake	20,000,000

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

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

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

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

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of CompManagement provides administrative, cost control, and actuarial services to the Plan.

Note 10 - Contractual Obligations and Other Purchase Commitments

The School District has outstanding contracts for professional services and construction. The following amounts remain on these contracts as of June 30, 2014:

	<u>Contract Amount</u>
Duro-Last Roofing, Inc.	\$435,649
SecurCom, Inc.	28,976
H. A. Dorsten, Inc.	38,402

At fiscal year end, the significant encumbrances expected to be honored upon performance by the vendor in fiscal year 2015 are as follows:

General Fund	\$686,005
Other Governmental Funds	<u>15,216</u>
Total	<u>\$701,221</u>

Note 11 - Defined Benefit Pension Plans

A. State Teachers Retirement System

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

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

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

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

The School District's required contribution to STRS Ohio for the DBP and for the defined benefit portion of the CP were \$444,301 and \$7,862 for the fiscal year ended June 30, 2014, \$457,506 and \$476 for the fiscal year ended June 30, 2013, and \$458,186 and \$683 for the fiscal year ended June 30, 2012. For fiscal year 2014, 83 percent has been contributed for both the DBP and the CP. The full amount has been contributed for fiscal years 2013 and 2012.

The contribution to STRS Ohio for the DCP for fiscal year 2014 was \$25,776 made by the School District and \$20,253 made by the plan members. In addition, member contributions of \$6,177 were made for fiscal year 2014 for the defined contribution portion of the CP.

B. School Employees Retirement System

Plan Description - The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a stand-alone financial report that can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirement of plan members and employers is established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the system's funds (pension trust fund, death benefit fund, Medicare B fund, and health care fund). For the fiscal year ended June 30, 2014, the allocation to pension and death benefits was 13.1 percent. The remaining .9 percent of the 14 percent employer contribution rate was allocated to the Medicare B and health care funds. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012 was \$82,632, \$80,118, and \$77,212, respectively. For fiscal year 2014, 54 percent has been contributed. The full amount has been contributed for fiscal years 2013 and 2012.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2014, all of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 12 - Postemployment Benefits

A. State Teachers Retirement System

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

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

Funding Policy - Chapter 3307 of the Ohio Revised Code authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The School District's contribution for health care for the fiscal years ended June 30, 2014, 2013, and 2012 was \$36,765, \$36,311, and \$36,433, respectively. For fiscal year 2014, 83 percent has been contributed. The full amount has been contributed for fiscal years 2013 and 2012. The STRS Board voted to discontinue the current 1 percent allocation to the Health Care Plan effective July 1, 2014.

B. School Employees Retirement System

Plan Description - The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System (SERS) for classified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2014, .14 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2014, this amount was \$20,250. For fiscal year 2014, the School District paid \$14,750 in surcharge.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility, and retirement status.

The School District's contribution for health care for the fiscal years ended June 30, 2014, 2013, and 2012 was \$883, \$979, and \$3,344, respectively. For fiscal year 2014, 54 percent has been contributed. The full amount has been contributed for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2014, this actuarially required allocation was .76 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 was \$4,794, \$4,526, and \$4,560, respectively. For fiscal year 2014, 54 percent has been contributed. The full amount has been contributed for fiscal years 2013 and 2012.

Note 13 - Other Employee Benefits

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred ten days for all employees. Upon retirement, payment is made for 25 percent of accrued but unused sick leave credit to a maximum of sixty-five days for all employees.

B. Health Care Benefits

The School District provides employee medical, dental, and prescription drug benefits through the Mercer-Auglaize Area School Employee Welfare Benefit Trust. The employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract.

The School District also provides vision insurance to all employees through Vision Service Plan and life insurance and accidental death and dismemberment insurance through American United Life Insurance Company.

C. Separation Benefit

The School District provides a separation benefit to eligible certified and classified employees. In order to be eligible, the employee must:

1. Have a total of twenty-five through thirty years of service credit;
2. Have a total of at least six years of service credit in the Minster Local School District;
3. Give written notice to the Superintendent by no later than April 1 of the year he/she first becomes eligible for full retirement under STRS/SERS; and
4. Show receipt of his/her retirement benefits from STRS/SERS.

Employees meeting the requirements shall receive an amount equal to one day of severance pay for each year of service to the School District, not to exceed twenty-five through thirty days. The School District will pay the incentive in a one time lump sum payment within sixty days after all of the eligibility criteria are satisfied.

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

Note 14 - Long-Term Obligations

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

	Balance at 6/30/13	Additions	Reductions	Balance at 6/30/14	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds					
2000 School Improvement					
Capital Appreciation Bonds	\$140,556	\$0	\$75,431	\$65,125	\$65,125
2005 School Improvement Refunding					
Serial Bonds 3.00 - 4.50%	3,600,000	0	0	3,600,000	0
Term Bonds 4.25 - 4.50%	4,850,000	0	0	4,850,000	0
Capital Appreciation Bonds	89,991	0	7,433	82,558	9,202
Total 2005 School Improvement Refunding Bonds	8,539,991	0	7,433	8,532,558	9,202
Total Governmental Activities Long-Term Obligations	<u>\$8,680,547</u>	<u>\$0</u>	<u>\$82,864</u>	<u>\$8,597,683</u>	<u>\$74,327</u>

2000 School Improvement General Obligation Bonds - On October 1, 2000, the School District issued \$14,024,664 in voted general obligation bonds for constructing and equipping a middle school, constructing additions to, renovating, and improving existing school buildings and facilities, and acquiring land. The bond issue included serial, term, and capital appreciation bonds, in the original amount of \$9,850,000, \$3,845,000, and \$329,664, respectively. The bonds were issued for a twenty-seven year period, with final maturity during fiscal year 2028. The bonds are being retired from the Bond Retirement debt service fund, with the proceeds of a 7.9 mill voted property tax levy. During fiscal year 2005, the School District refunded \$9,850,000 in term bonds. The serial bonds were fully paid in fiscal year 2011.

The capital appreciation bonds will mature in fiscal year 2015. The maturity amount for the bonds is \$520,000.

2005 School Improvement Refunding General Obligation Bonds - On April 13, 2005, the School District issued \$9,849,991 in general obligation bonds to refund \$9,850,000 in term bonds of the 2000 School Improvement general obligation bonds. The refunding bond issue included serial, term, and capital appreciation bonds, in the original amount of \$4,910,000, \$4,850,000, and \$89,991, respectively. The bonds were issued for a twenty-three year period, with final maturity during fiscal year 2028. The bonds are being retired from the Bond Retirement debt service fund, with the proceeds of a 7.9 mill voted property tax levy. As of June 30, 2014, all of the 2000 refunded bonds were paid.

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

The term bonds maturing on December 1, 2020, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, 2019, in the amount of \$715,000, (with the balance of \$745,000 to be paid at stated maturity on December 1, 2020), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The term bonds maturing on December 1, 2022, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, 2021, in the amount of \$780,000, (with the balance of \$835,000 to be paid at stated maturity on December 1, 2022), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The term bonds maturing on December 1, 2024, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, 2023, in the amount of \$870,000, (with the balance of \$905,000 to be paid at stated maturity on December 1, 2024), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The capital appreciation bonds will mature in fiscal years 2015 through 2018. The maturity amount for the bonds is \$2,340,000.

The School District's overall debt margin was \$3,436,245 with an unvoted debt margin of \$125,162 at June 30, 2014.

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

Fiscal Year Ending	General Obligation Bonds			
	Serial		Term	
	Principal	Interest	Principal	Interest
2015	\$0	\$160,238	\$0	\$212,582
2016	0	160,238	0	212,581
2017	0	160,238	0	212,581
2018	0	160,237	0	212,581
2019	705,000	145,256	0	212,581
2020-2024	0	651,375	3,945,000	655,659
2025-2028	2,895,000	347,962	905,000	20,363
Totals	<u>\$3,600,000</u>	<u>\$1,785,544</u>	<u>\$4,850,000</u>	<u>\$1,738,928</u>

Fiscal Year Ending	General Obligation Bonds Capital Appreciation	
	Principal	Interest
2015	\$74,327	\$610,673
2016	29,928	695,072
2017	22,149	702,851
2018	21,279	703,721
Totals	<u>\$147,683</u>	<u>\$2,712,317</u>

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

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

Note 15 - Fund Balance

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

Fund Balance	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Nonspendable for:				
Unclaimed Monies	\$2,703	\$0	\$0	\$2,703
Restricted for:				
Athletics and Music	0	0	14,814	14,814
Bus Purchase	7,373	0	0	7,373
Capital Improvements	0	0	24,535	24,535
Debt Service	0	769,308	0	769,308
Food Service Operations	0	0	94,166	94,166
Recreation	0	0	35,623	35,623
Regular Instruction	0	0	11,495	11,495
Total Restricted	<u>7,373</u>	<u>769,308</u>	<u>180,633</u>	<u>957,314</u>
Assigned for:				
Educational Activities	10,625	0	0	10,625
Food Service Operations	705	0	0	705
Regular Instruction	58,357	0	0	58,357
Unpaid Obligations	635,516	0	0	635,516
Total Assigned	<u>705,203</u>	<u>0</u>	<u>0</u>	<u>705,203</u>
Unassigned	<u>1,207,362</u>	<u>0</u>	<u>0</u>	<u>1,207,362</u>
Total Fund Balance	<u>\$1,922,641</u>	<u>\$769,308</u>	<u>\$180,633</u>	<u>\$2,872,582</u>

Note 16 - Set Asides

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

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

The following cash basis information identifies the change in the fund balance reserve for capital improvements during fiscal year 2014.

	Capital Improvements
Balance June 30, 2013	\$0
Current Year Set Aside Requirement	142,803
Current Year Offsets	(142,803)
Balance June 30, 2014	\$0

Note 17 - Jointly Governed Organizations

A. Auglaize County Local Professional Development Committee

The Auglaize County Local Professional Development Committee is a consortium operated under the direction of a Board consisting of the president of the local teachers' union from each member, one principal from each local school district, the superintendent from each local school district, and the project coordinator. The jointly governed organization was formed to provide an appropriate process for educators to create an Individual Professional Development Plan that will facilitate professional growth opportunities and effectively meet state licensure requirements. Financial information can be obtained from the Auglaize County Educational Service Center, 1045 Dearbaugh Avenue, Suite 2, Wapakoneta, Ohio 45895.

B. Western Ohio Computer Organization

The School District is a participant in the Western Ohio Computer Organization (WOCO). WOCO is an association of public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, Miami, and Shelby counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of WOCO consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus a representative from the fiscal agent school district. During fiscal year 2014, the School District paid \$74,369 to WOCO for various services. Financial information can be obtained from the Shelby County Educational Service Center, 129 East Court Street, Sidney, Ohio 45365.

C. Auglaize County Educational Academy

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

Note 18 - Insurance Pools

A. Ohio School Plan

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

B. Mercer-Auglaize Area School Employee Welfare Benefit Trust

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

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

C. Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (Plan) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

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

Note 19 - Contingencies

A. Grants

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

B. Litigation

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

Note 20 - Subsequent Events

On March 11, 2015, the School District issued \$8,410,000 in school improvement general obligation refunding bonds to advance refund \$8,450,000 of the school improvement bonds dated April 13, 2005.



Julian & Grube, Inc.
Serving Ohio Local Governments

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

Minster Local School District
Auglaize County
50 East Seventh Street
Minster, Ohio 45865

To the Board of Education:

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

Internal Control Over Financial Reporting

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

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

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

Board of Education
Minster Local School District

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.
November 30, 2015

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Dave Yost • Auditor of State

MINSTER LOCAL SCHOOL DISTRICT

AUGLAIZE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 23, 2016**