



**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**REGULAR AUDIT**

**FOR THE FISCAL YEARS ENDED JUNE 30, 2001 - 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Botkins Local School District  
Shelby County  
208 North Sycamore Street  
Botkins, Ohio 45306

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Botkins Local School District, Shelby County, (the District), as of and for the years ended June 30, 2001, and June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Botkins Local School District, Shelby County, as of June 30, 2001, and June 30, 2000, and the results of its operations, the cash flows of its proprietary fund type and nonexpendable trust fund, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

During the year ended June 30, 2001, the District adopted Governmental Accounting Statement No. 33.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**Jim Petro**  
Auditor of State

December 4, 2001

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**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
AS OF JUNE 30, 2001**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Assets and Other Debits</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$631,737	\$137,330	\$458,849	\$64,673
Cash and Cash Equivalents in Segregated Accounts		523		
Cash and Cash Equivalents With Fiscal Agent		6,100		
Investments in Segregated Accounts		20,000		
Receivables:				
Property Taxes	864,412	20,329	333,327	72,399
Accounts	1,058			
Intergovernmental				2,000
Accrued Interest	580	908		
Interfund	14,100			
Prepaid Items				
Inventory of Supplies and Materials	10,332			
Inventory Held for Resale				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	27,347			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Long-Term Debt				
Amount to be Provided for Retirement of General Long-Term Debt				
<b>Total Assets and Other Debits</b>	<u>1,549,566</u>	<u>185,190</u>	<u>792,176</u>	<u>139,072</u>
<b>Liabilities, Fund Equity and Other Credits</b>				
<b>Liabilities:</b>				
Accounts Payable	\$9,190	\$14,105		\$23,119
Contracts Payable	0	10,840		
Accrued Wages and Benefits Payable	249,642	3,591		253
Intergovernmental Payable	71,364	94		
Interfund Payable				14,100
Due To Students				
Deferred Revenue	819,406	20,150	315,522	75,525
Compensated Absences Payable	11,540			
General Obligation Bonds Payable				
<b>Total Liabilities</b>	<u>1,161,142</u>	<u>48,780</u>	<u>315,522</u>	<u>112,997</u>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved				
Fund Balance:				
Reserved for Encumbrances	26,211	13,865		2,212
Reserved for Inventory of Supplies and Materials	10,332			
Reserved for Contributions				
Reserved for Property Taxes	46,064	1,087	17,805	3,874
Reserved for Budget Stabilization	16,713			
Reserved for School Bus Purchases	150			
Reserved for Textbooks and Instructional Materials	10,484			
Designated for Textbooks and Instructional Materials	4,362			
Unreserved, Undesignated	274,108	121,458	458,849	19,989
<b>Total Fund Equity and Other Credits</b>	<u>388,424</u>	<u>136,410</u>	<u>476,654</u>	<u>26,075</u>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<u>\$1,549,566</u>	<u>\$185,190</u>	<u>\$792,176</u>	<u>\$139,072</u>

See Accompanying Notes to the General Purpose Financial Statements.



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
Enterprise	Trust and Agency			
\$29,922	\$38,117			\$1,360,628
				523
				6,100
	10,000			30,000
				1,290,467
2,145				1,058
				4,145
	135			1,623
450				14,100
433				450
7,433				10,765
				7,433
				27,347
78,443		\$7,100,244		7,178,687
			\$476,654	476,654
			1,506,769	1,506,769
<u>118,826</u>	<u>48,252</u>	<u>7,100,244</u>	<u>1,983,423</u>	<u>11,916,749</u>
				\$46,414
				10,840
4,872				258,358
7,024			27,593	106,075
				14,100
	34,957			34,957
5,818				1,236,421
344			170,830	182,714
			1,785,000	1,785,000
<u>18,058</u>	<u>34,957</u>		<u>1,983,423</u>	<u>3,674,879</u>
		7,100,244		7,100,244
89,251				89,251
11,517				11,517
				42,288
				10,332
	11,700			11,700
				68,830
				16,713
				150
				10,484
				4,362
	1,595			875,999
<u>100,768</u>	<u>13,295</u>	<u>7,100,244</u>		<u>8,241,870</u>
<u>\$118,826</u>	<u>\$48,252</u>	<u>\$7,100,244</u>	<u>\$1,983,423</u>	<u>\$11,916,749</u>

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
<b>Revenues:</b>					
Property Taxes	\$892,529	\$20,965	\$370,767	\$74,972	\$1,359,233
Tuition and Fees	227,371				227,371
Interest	66,642	2,436			69,078
Intergovernmental	1,970,003	159,185	37,805	41,308	2,208,301
Extracurricular Activities		124,776		38,054	162,830
Rent	7,334				7,334
Gifts and Donations	190	7,331			7,521
Miscellaneous	9,000				9,000
<b>Total Revenues</b>	<b>3,173,069</b>	<b>314,693</b>	<b>408,572</b>	<b>154,334</b>	<b>4,050,668</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	1,547,941	65,831		23,598	1,637,370
Special	226,685	55,466			282,151
Vocational	130,389			6,242	136,631
Support Services:					
Pupils	115,387	56,157		35,270	206,814
Instructional Staff	181,557	26,706		40,843	249,106
Board of Education	11,119				11,119
Administration	276,553	154			276,707
Fiscal	83,299	421	7,446	1,498	92,664
Operation and Maintenance of Plant	266,411	293		4,152	270,856
Pupil Transportation	121,688	6,239		20,000	147,927
Central	3,313	3,311			6,624
Operation of Non-Instructional Services		9,902			9,902
Extracurricular Activities	104,510	64,475			168,985
Capital Outlay		29,910		20,193	50,103
Debt Service:					
Principal Retirement			240,000		240,000
Interest and Fiscal Charges			134,251		134,251
<b>Total Expenditures</b>	<b>3,068,852</b>	<b>318,865</b>	<b>381,697</b>	<b>151,796</b>	<b>3,921,210</b>
Excess of Revenues Over Expenditures	104,217	(4,172)	26,875	2,538	129,458
<b>Other Financing Sources(Uses):</b>					
Proceeds From Sale of Fixed Assets	640				640
Transfer-in		30,000			30,000
Transfer-out	(30,000)				(30,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(29,360)</b>	<b>30,000</b>			<b>640</b>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	74,857	25,828	26,875	2,538	130,098
Fund Balances at Beginning of Year - Restated (Note 3)	313,862	110,582	449,779	23,537	897,760
Decrease in Reserve for Inventory	(295)				(295)
<b>Fund Balances at End of Year</b>	<b>\$388,424</b>	<b>\$136,410</b>	<b>\$476,654</b>	<b>\$26,075</b>	<b>\$1,027,563</b>

See Accompanying Notes to the General Purpose Financial Statements.

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**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$818,683	\$869,829	\$51,146	\$20,297	\$20,484	\$187
Tuition and Fees	214,001	227,371	13,370			
Interest	62,542	66,449	3,907	2,400	2,436	36
Intergovernmental	1,852,216	1,967,931	115,715	121,369	121,491	122
Extracurricular Activities				132,200	124,905	(7,295)
Rent	6,903	7,334	431			
Gifts and Donations	179	190	11	1,200	7,331	6,131
<b>Total Revenues</b>	<u>2,954,524</u>	<u>3,139,104</u>	<u>184,580</u>	<u>277,466</u>	<u>276,647</u>	<u>(819)</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	1,658,503	1,569,539	88,964	123,761	72,807	50,954
Special	232,175	222,318	9,857	32,573	32,573	
Vocational	136,764	128,731	8,033			
Other	19,060	11,515	7,545			
Support Services:						
Pupils	123,770	115,784	7,986	65,323	53,133	12,190
Instructional Staff	189,000	182,811	6,189	19,286	18,251	1,035
Board of Education	11,800	11,119	681			
Administration	437,488	278,778	158,710			
Fiscal	111,976	83,210	28,766	500	421	79
Operation and Maintenance of Plant	288,635	273,533	15,102	2,879	293	2,586
Pupil Transportation	153,757	128,330	25,427	10,000	6,194	3,806
Central	5,036	3,677	1,359	6,250	3,311	2,939
Operation of Non-Instructional Services	100		100	10,778	9,849	929
Extracurricular Activities	113,868	104,440	9,428	104,769	66,327	38,442
Capital Outlay	27,600		27,600	27,500	26,560	940
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
<b>Total Expenditures</b>	<u>3,509,532</u>	<u>3,113,785</u>	<u>395,747</u>	<u>403,619</u>	<u>289,719</u>	<u>113,900</u>
Excess of Revenues Over (Under) Expenditures	<u>(555,008)</u>	<u>25,319</u>	<u>580,327</u>	<u>(126,153)</u>	<u>(13,072)</u>	<u>113,081</u>
<b>Other Financing Sources (Uses):</b>						
Proceeds From Sale of Fixed Assets	602	640	38			
Refund of Prior Year Expenditures	16,463	17,491	1,028	1,200		(1,200)
Transfers-In				30,000	30,000	
Advances - In	13,981	17,041	3,060			
Transfers-Out	30,000	(30,000)				
Advances - Out		(4,100)	(4,100)			
<b>Total Other Financing Sources (Uses)</b>	<u>61,046</u>	<u>1,072</u>	<u>26</u>	<u>31,200</u>	<u>30,000</u>	<u>(1,200)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(493,962)	26,391	520,353	(94,953)	16,928	111,881
Fund Balances at Beginning of Year	556,205	556,205		109,405	109,405	
Prior Year Encumbrances Appropriated	23,470	23,470		11,658	11,658	
<b>Fund Balances at End of Year</b>	<u>\$85,713</u>	<u>\$606,066</u>	<u>\$520,353</u>	<u>\$26,110</u>	<u>\$137,991</u>	<u>\$111,881</u>

See Accompanying Notes to the General Purpose Financial Statements.

Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$383,150	\$364,040	(\$19,110)	\$72,847	\$73,001	\$154
40,500	37,805	(2,695)	42,377	41,308	(1,069)
			44,501	38,054	(6,447)
			500		(500)
<u>423,650</u>	<u>401,845</u>	<u>(21,805)</u>	<u>160,225</u>	<u>152,363</u>	<u>(7,862)</u>
			23,598	23,598	
			6,684	6,242	442
			41,000	36,182	4,818
			59,000	41,890	17,110
100,000		100,000			
388,100	7,446	380,654	1,500	1,498	2
			13,615	5,268	8,347
			20,000	20,000	
			32,059	9,437	22,622
240,000	240,000				
134,251	134,251				
<u>862,351</u>	<u>381,697</u>	<u>480,654</u>	<u>197,456</u>	<u>144,115</u>	<u>53,341</u>
<u>(438,701)</u>	<u>20,148</u>	<u>458,849</u>	<u>(37,231)</u>	<u>8,248</u>	<u>45,479</u>
			4,483	4,100	(383)
			(17,041)	(17,041)	
			<u>(12,558)</u>	<u>(12,941)</u>	<u>(383)</u>
(438,701)	20,148	458,849	(49,789)	(4,693)	45,096
438,701	438,701		41,555	41,555	
			8,236	8,236	
<u>\$0</u>	<u>\$458,849</u>	<u>\$458,849</u>	<u>\$2</u>	<u>\$45,098</u>	<u>\$45,096</u>

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS/FUND BALANCE  
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Operating Revenues:</b>			
Sales	\$118,095		\$118,095
Interest		\$225	225
Total Operating Revenues	<u>118,095</u>	<u>225</u>	<u>118,320</u>
<b>Operating Expenses:</b>			
Salaries and Wages	49,216		49,216
Fringe Benefits	15,193		15,193
Purchased Services	3,709		3,709
Supplies and Materials	2,688		2,688
Cost of Sales	83,735		83,735
Other		500	500
Depreciation	7,779		7,779
Total Operating Expenses	<u>162,320</u>	<u>500</u>	<u>162,820</u>
Operating Loss	(44,225)	(275)	(44,500)
<b>Non-Operating Revenues:</b>			
Interest	1,105		1,105
Federal and State Subsidies	23,020		23,020
Federal Donated Commodities	19,945		19,945
Total Non-Operating Revenues	<u>44,070</u>		<u>44,070</u>
Net Loss	(155)	(275)	(430)
Retained Earnings/Fund Balance at Beginning of Year	<u>11,672</u>	<u>13,570</u>	<u>25,242</u>
<b>Retained Earnings/Fund Balance at End of Year</b>	<u><u>\$11,517</u></u>	<u><u>\$13,295</u></u>	<u><u>\$24,812</u></u>

*See Accompanying Notes to the General Purpose Financial Statements.*

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)  
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Enterprise Fund			Nonexpendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Sales	\$122,600	\$118,095	(\$4,505)			
Interest	700	1,105	405	\$635	\$497	(\$138)
Federal and State Subsidies	26,700	20,968	(5,732)			0
<b>Total Revenues</b>	<b>150,000</b>	<b>140,168</b>	<b>(9,832)</b>	<b>635</b>	<b>497</b>	<b>(138)</b>
<b>Expenses:</b>						
Salaries and Wages	59,000	48,743	10,257			
Fringe Benefits	19,750	15,598	4,152			
Purchased Services	7,595	3,886	3,709			
Supplies and Materials	84,494	66,498	17,996			
Capital Outlay	4,500	955	3,545			
Other				2,089	500	1,589
<b>Total Expenses</b>	<b>175,339</b>	<b>135,680</b>	<b>39,659</b>	<b>2,089</b>	<b>500</b>	<b>1,589</b>
Excess of Revenues Over (Under) Expenses	(25,339)	4,488	29,827	(1,454)	(3)	1,451
Fund Equity at Beginning of Year	25,244	25,244		13,163	13,163	
Prior Year Encumbrances Appropriated	95	95				
<b>Fund Equity at End of Year</b>	<b>\$0</b>	<b>\$29,827</b>	<b>\$29,827</b>	<b>\$11,709</b>	<b>\$13,160</b>	<b>\$1,451</b>

*See Accompanying Notes to the General Purpose Financial Statements*

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$118,095		\$118,095
Cash Payments for Employee Services and Benefits	(64,341)		(64,341)
Cash Payments to Suppliers for Goods and Services	(70,367)		(70,367)
Other Operating Expenses		(\$500)	(500)
Net Cash Used For Operating Activities	<u>(16,613)</u>	<u>(500)</u>	<u>(17,113)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Federal and State Subsidies Received	20,968		20,968
Net Cash Provided By Noncapital Financing Activities	<u>20,968</u>		<u>20,968</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition of Capital Assets	(877)		(877)
Net Cash Used For Capital and Related Financing Activities	<u>(877)</u>		<u>(877)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest	1,105	497	1,602
Net Cash Provided By Investing Activities	<u>1,105</u>	<u>497</u>	<u>1,602</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,583	(3)	4,580
Cash and Cash Equivalents Beginning of Year	<u>25,339</u>	<u>3,163</u>	<u>28,502</u>
<b>Cash and Cash Equivalents End of Year</b>	<u><u>\$29,922</u></u>	<u><u>\$3,160</u></u>	<u><u>\$33,082</u></u>
<b>Reconciliation of Operating Loss to Net Cash Used For Operating Activities:</b>			
Operating Loss	(\$44,225)	(\$275)	(\$44,500)
<b>Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities:</b>			
Depreciation	7,779		7,779
Donated Commodities Used	19,945		19,945
Interest in Nonexpendable Trust Fund		(225)	(225)
Changes in Assets and Liabilities:			
Decrease in Prepaid Items	199		199
Increase in Inventory of Supplies and Materials	(53)		(53)
Increase in Inventory Held for Resale	(45)		(45)
Decrease in Accounts Payable	(82)		(82)
Decrease in Accrued Wages and Benefits Payable	(70)		(70)
Decrease in Intergovernmental Payable	(405)		(405)
Increase in Compensated Absences Payable	344		344
<b>Net Cash Used For Operating Activities</b>	<u><u>(\$16,613)</u></u>	<u><u>(\$500)</u></u>	<u><u>(\$17,113)</u></u>
<b>Reconciliation of Cash and Cash Equivalents of Nonexpendable Trust Fund to Balance Sheet</b>			
Cash and Cash Equivalents-All Fiduciary Funds		\$38,117	
Cash and Cash Equivalents-Agency Fund		<u>(34,957)</u>	
Cash and Cash Equivalents-Nonexpendable Trust Fund		<u><u>\$3,160</u></u>	

See Accompanying Notes to the General Purpose Financial Statements.



**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Botkins Local School District (the " District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District operates under a locally-elected five member Board form of government and provides educational services as mandated by State and/or federal agencies.

The District is staffed by 22 non-certificated employees, 39 certificated full-time teaching personnel and 5 administrative employees who provide services to 570 students and other community members. The District currently operates one instructional/support building.

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

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

The District is associated with four jointly governed organizations and two insurance purchasing pools. These organizations are presented in Notes 17 and 18 to the general purpose financial statements. These organizations are:

**Jointly Governed Organizations:**

- Western Ohio Computer Organization
- Southwestern Ohio Educational Purchasing Council
- Southwestern Ohio Instructional Technology Association
- Shelby County Local Professional Development Consortium

**Insurance Purchasing Pools:**

- Ohio School Boards Association Workers' Compensation Group Rating Plan
- Shelby County Schools Consortium

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The more significant of the District's accounting policies are described below.

**A. Basis Of Presentation - Fund Accounting**

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

**1. Governmental Fund Types:**

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental fund types:

**General Fund**

The general fund is the operating fund of the District and 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 District for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Special Revenue Funds**

The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

**Debt Service Fund**

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

**Capital Projects Funds**

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary fund or the trust fund).

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Proprietary Fund Type:**

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following is the District's proprietary fund type:

**Enterprise Fund**

The enterprise fund is used to account for District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**3. Fiduciary Fund Types:**

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District's fiduciary funds include nonexpendable trust and agency funds. The nonexpendable trust fund is accounted for in essentially the same manner as the proprietary fund. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

**4. Account Groups:**

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

**General Fixed Assets Account Group**

This account group is established to account for all fixed assets of the District, other than those accounted for in the proprietary or trust funds.

**General Long-Term Debt Account Group**

This account group is established to account for all long-term obligations of the District except those accounted for in the proprietary or trust funds.

**B. Measurement Focus and Basis of Accounting**

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

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

All proprietary and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The proprietary fund type and nonexpendable trust fund's operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary and nonexpendable trust funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, interfund, tuition, and grants.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**C. Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than the agency fund, are legally required to be budgeted and appropriated. The Title III, Title VI-B, and Preschool special revenue funds grant activity that is administered by a fiscal agent is not budgeted by the District.

Advances - in and advances - out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

**1. Tax Budget:**

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

**2. Estimated Resources:**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Appropriations:**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the function level within the general fund, debt service, classroom facilities special revenue fund, and the permanent improvement capital projects fund and at the fund level for all other funds, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any legal level of control.

Any revisions that alter the total of any fund appropriation, or alter total function appropriations within the general fund, the classroom facilities special revenue fund, and the permanent improvement capital projects fund, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources.

During the year, several supplemental appropriations were legally enacted; however, they were not significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts adopted during the current fiscal year, including all amendments and modifications. The financial statements are presented at more detail than the legal level of control for the special revenue, enterprise, and nonexpendable trust fund types. The Treasurer has been given the authority to allocate the Board's appropriations to the function/object level for these funds. Formal budgetary integration is employed as a management control device during the year for all funds, other than the Title III, Title VI-B, and preschool special revenue funds and the agency fund, consistent with statutory provisions.

**4. Encumbrances:**

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for the proprietary fund.

**5. Lapsing of Appropriations:**

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

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Cash and Cash Equivalents**

To improve cash management, cash received by the District is pooled. Monies for all funds, except the Botkins Student Memorial special revenue fund and the nonexpendable trust fund, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

Cash and cash equivalents that are held separately within departments of the District and not held with the Treasurer are recorded on the balance sheet as "cash and cash equivalents in segregated accounts."

Investments that are held separately by the Botkins Student Memorial special revenue fund and the nonexpendable trust fund are recorded on the balance sheet as "investments in segregated accounts. The balance of various grant activity administered by the fiscal agent is presented on the combined balance sheet as "cash and cash equivalents with fiscal agent" and represents deposits of the Shelby County Educational Service Center.

During fiscal year 2001, investments were limited to a repurchase agreement and certificates of deposit, which are reported at cost.

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 2001 amounted to \$66,642 which includes \$32,820 assigned from other Districts funds. The special revenue, enterprise and nonexpendable trust funds also received interest in the amount of \$2,436, \$1,105, and \$225, respectively.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with a maturity of more than three months that were not purchased from the pool are reported as investments.

**E. Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption.

The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventory of the proprietary fund consists of donated food, purchased food and non-food supplies and are expensed when used.

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent unexpended revenues restricted for the purchase of buses and amounts required by statute to be set-aside by the District for the creation of a reserve for budget stabilization, for the purchase of textbooks and other instructional materials. See Note 19 for additional information regarding set-asides.

**H. Estimates**

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

**I. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of two hundred and fifty dollars. The District does not have any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise fund is computed using the straight-line method over an estimated useful life of five to twenty years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

**J. Interfund Assets/Liabilities**

Short term interfund loans are classified as "interfund receivables" and "interfund payables".

**K. Compensated Absences**

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



**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term debt account group. In the proprietary fund, the entire amount of compensated absences is reported as a fund liability.

**L. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The District currently participates in several State and Federal programs, categorized as follows:

**Entitlements**

**General Fund**

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Program

**Non-Reimbursable Grants**

**Special Revenue Funds**

- Education Management Information Systems
- Title I
- Library Services
- Continuous Improvement Development
- Class Size Reduction Grant
- Title VI
- Title VI-B
- Professional Development Block Grant
- Title III
- Preschool Grant
- School Net Professional Development Grant
- Summer Intervention

**Capital Projects Funds**

- School Net
- Power Up Grant
- IVDL Grant
- Emergency Repairs Grant
- Technology Equity

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Reimbursable Grants**

**General Fund**

Driver Education

**Capital Project**

Vocational Agriculture Equipment Grant

**Proprietary Funds**

National School Lunch Program

Government Donated Commodities

Grants and entitlements received in governmental funds amounted to 55 percent of governmental fund revenue during the 2001 fiscal year.

**M. Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term debt account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are considered not to have been paid using current available financial resources. General obligation bonds are reported as a liability of the general long-term debt account group until due.

Long-term obligations financed by the proprietary fund are reported as liabilities in the proprietary fund.

**N. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**O. Fund Balance Reserves and Designation**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. The District also designates a portion of fund balance to indicate tentative plans for future financial resource uses that reflect managerial plans or intent. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventory of supplies and materials, contributions, property taxes, budget stabilization, school bus purchases, textbooks and instructional materials. In addition, a fund designation has been established for textbooks and instructional materials for the amounts set-aside in excess of the statutory requirement.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for contributions signifies the legal restrictions on the use of principal.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**P. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to the proprietary fund that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation of those assets acquired or constructed with contributed capital is expensed and closed to unreserved retained earnings at year end. There was no change in contributed capital during this fiscal year.

Because the District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1992, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying financial statements. All other fund equity amounts pertaining to the proprietary fund have been classified as retained earnings.

**Q. Total Columns on General Purpose Financial Statements**

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**3. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE**

For fiscal year 2001, the District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues".

Restatements were necessary for accrued interest receivable and deferred revenue due to the implementation of GASB 33. Interfund receivables/payables were also restated.

In addition, a special revenue fund balance for the E-Rate grant was rolled into the general fund for reporting purposes in fiscal year 2001.

The following table summarizes the changes to fund balance:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Fund Balance as previously reported	\$320,026	\$114,711	\$18,251
Accrued Interest Receivable	0	(440)	0
Interfund Receivable/Payable	(5,286)	0	5,286
Deferred Revenue	(1,537)	(3,030)	0
Fund Reclassification	659	(659)	0
Fund Balance at June 30, 2000	<u>\$313,862</u>	<u>\$110,582</u>	<u>\$23,537</u>

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**4. ACCOUNTABILITY**

The Title I special revenue fund and the playground and vocational agriculture equipment grant capital projects funds had deficit fund balances at June 30, 2001, of \$92, \$4,247, and \$4,094. The fund deficits in the capital projects funds will be eliminated when the advances - in, shown as an interfund payable, is repaid. For the special revenue fund, the general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**5. BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. The District does not budget for the activities of various grants administered by the fiscal agent who collects and holds the assets (budget basis). However, the activities of the fiscal agent that pertain to the District are included in the special revenue funds for GAAP reporting purposes (GAAP basis).
5. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
6. For the enterprise fund, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**5. BUDGETARY BASIS OF ACCOUNTING (Continued)**

**Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental Fund Types**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$74,857	\$25,828	\$26,875	\$2,538
Revenue Accruals	(16,343)	(3,382)	(6,727)	3,029
Expenditure Accruals	7,297	20,168	0	22,256
Non-budgeted Activity	0	221	0	0
Unrecorded Cash	(131)	0	0	(5,000)
Advances	12,941	0	0	(12,941)
Encumbrances	(52,230)	(25,907)	0	(14,575)
Budget Basis	<u>\$26,391</u>	<u>\$16,928</u>	<u>\$20,148</u>	<u>(\$4,693)</u>

**Net Loss/Excess of Revenues Over (Under) Expenses  
Proprietary Fund Type and Nonexpendable Trust Fund**

	<u>Enterprise</u>	<u>Nonexpendable Trust</u>
GAAP Basis	(\$155)	(\$275)
Revenue Accruals	(2,052)	272
Expense Accruals	(11)	0
Prepaid Items	(199)	0
Inventory of Supplies and Materials	53	0
Inventory Held for Resale	45	0
Capital Outlay	(877)	0
Depreciation Expense	7,779	0
Encumbrances	(95)	0
Budget Basis	<u>\$4,488</u>	<u>(\$3)</u>

**6. DEPOSITS AND INVESTMENTS**

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

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

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

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**6. DEPOSITS AND INVESTMENTS (Continued)**

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

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligation, 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 District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, *"Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements"*.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**6. DEPOSITS AND INVESTMENTS (Continued)**

At June 30, 2001, the District had "cash and cash equivalents with fiscal agent" in the special revenue funds of \$6,100. The money is held by the Shelby County Educational Service Center which is the fiscal agent of several other Districts and therefore cannot be classified by risk under GASB Statement No. 3. The classification for the Shelby County Educational Service Center as a whole can be obtained by writing to Cathy Doseck, who serves as Treasurer, at 129 East Court Street, Sidney, Ohio 45365.

**Deposits:** At fiscal year end, the carrying amount of the District's deposits was \$311,248 and the bank balance was \$376,975. Of the bank balance, \$196,975 was covered by federal depository insurance; and \$180,000 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

**Investments:** The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.

Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name.

The repurchase agreement is a Category 3 investment, with both a fair and carrying value of \$1,107,250.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, *"Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."*

A reconciliation between the classifications of cash and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<b>Cash and Cash Equivalents/ Deposits</b>	<b>Investments</b>
GASB Statement 9	\$1,394,598	\$30,000
Cash and Cash Equivalents with Fiscal Agents	(6,100)	0
Investments:		
Repurchase Agreement	(1,107,250)	1,107,250
Certificates of Deposit	30,000	(30,000)
GASB Statement 3	<u>\$311,248</u>	<u>\$1,107,250</u>

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**7. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal property located in the District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes.

Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) is for calendar 2001 taxes. 2001 real property taxes are levied after April 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2001, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true 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 later payment dates to be established.

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

The District receives property taxes from Shelby County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2001, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue. The amount available as an advance at June 30, 2001, was \$46,064 in the general fund, \$1,087 in the special revenue funds, \$17,805 in the debt service fund and \$3,874 in the capital projects funds.



**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**7. PROPERTY TAXES (Continued)**

The assessed values upon which fiscal year 2001 taxes were collected are:

	<u>2000 Second- Half Collections</u>		<u>2001 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$27,812,000	71.18%	\$33,335,030	74.50%
Public Utility - Real	51,770	0.13	46,670	0.10
Tangible Personal Property	11,212,925	28.69	11,364,872	25.40
Total Assessed Value	<u>\$39,076,695</u>	<u>100.00%</u>	<u>\$44,746,572</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$36.65		\$36.65	

**8. RECEIVABLES**

Receivables at June 30, 2001, consisted of property taxes, accounts (student fees), accrued interest, interfund and intergovernmental grants. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Capital Projects Fund	
SchoolNet	\$2,000
Enterprise Fund	
Federal School Lunch Reimbursement	2,145
Total Intergovernmental Receivables	<u>\$4,145</u>

**9. FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$113,693
Less Accumulated Depreciation	(35,250)
Net Fixed Assets	<u>\$78,443</u>

A summary of the changes in general fixed assets during fiscal year 2001 follows:

<u>Asset Category</u>	<u>Balance at 6/30/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/01</u>
Land and Improvements	\$56,352	\$0	\$0	\$56,352
Buildings and Improvements	5,544,201	0	0	5,544,201
Furniture, Fixtures and Equipment	984,348	64,641	9,209	1,039,780
Vehicles	203,715	52,981	19,415	237,281
Books	203,302	27,114	7,786	222,630
Totals	<u>\$6,991,918</u>	<u>\$144,736</u>	<u>\$36,410</u>	<u>\$7,100,244</u>

There was no significant construction in progress at June 30, 2001.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**10. RISK MANAGEMENT**

**A. Property and Liability**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the District contracted with Nationwide Insurance for property and fleet insurance, liability and inland marine coverage.

Coverages provided by Nationwide Insurance are as follows:

Building and Contents-replacement cost (\$500 deductible)	\$16,224,000
Inland Marine Coverage (\$500 deductible)	250,000
Money and Securities	25,000
Automobile Liability	2,000,000
Uninsured Motorists	2,000,000
Comprehensive Liability	
Per occurrence	2,000,000
Aggregate	5,000,000
General Liability Umbrella Policy	1,000,000

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

**B. Workers' Compensation**

For fiscal year 2001, the District participated in the Ohio School Board Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP.

Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald and Company provides administrative, cost control and actuarial services to the GRP.

**11. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**11. DEFINED BENEFIT PENSION PLANS (Continued)**

SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board.

The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$12,417, \$13,514, and \$22,715, respectively; 36 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$7,938 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term debt account group.

**B. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code.

STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6.0 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$183,441, \$103,935, and \$88,027, respectively; 83 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$30,381 represents the unpaid contribution for fiscal year 2001 and is recorded as a liability within the respective funds.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid. The remaining Board member contributes to SERS.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**12. POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$86,893 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.80 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000.

In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$37,849.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses.

Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**13. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 days for all employees. Upon retirement, employees with five or more years of service with the District receive payment for one-fourth of accrued, but unused sick leave credit to a maximum of 30 days for classified employees and 45 days for certified employees.

**14. LONG-TERM OBLIGATIONS**

The changes in the District's long-term obligations during fiscal year 2001 were as follows:

	<b>Amount Outstanding 6/30/00</b>	<b>Additions</b>	<b>Deductions</b>	<b>Amount Outstanding 6/30/01</b>
Building Addition Bond 1990 5.8 - 7.2%	\$105,000	\$0	\$105,000	\$0
Gym Addition Bond 1990 5.8 - 7.2%	1,345,000	0	100,000	1,245,000
Building Assistance Bond 1995 5.1 - 6.85%	575,000	0	35,000	540,000
Total Long-Term Bonds	<u>2,025,000</u>	<u>0</u>	<u>240,000</u>	<u>1,785,000</u>
Intergovernmental Payable	32,396	27,593	32,396	27,593
Compensated Absences	175,643	0	4,813	170,830
Total Long-Term Obligations	<u><u>\$2,233,039</u></u>	<u><u>\$27,593</u></u>	<u><u>\$277,209</u></u>	<u><u>\$1,983,423</u></u>

Botkins Building Addition and Gym General Obligation Bonds - Series A & B - On March 1, 1990, the District issued \$2,500,000 in voted general obligation bonds for the purpose of a building and gym addition. The bonds were issued for a twenty year period with final maturity in December, 2009. The bonds will be retired from the debt service fund.

Building Assistance Bond - On January 15, 1995, the District issued \$750,000 in voted general obligation bonds for the purpose of the acquisition, construction, reconstruction and improvement of buildings and structures and the acquisition of sites. The bonds were issued for a twenty-one year period with final maturity during fiscal year 2018. The bonds will be retired from the debt service fund.

The intergovernmental payable and compensated absences will be paid from the fund from which the employees' salaries are paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**15. LONG-TERM OBLIGATIONS**

The District's overall legal debt margin was \$2,718,845, with an unvoted debt margin of \$44,747 at June 30, 2001.

Principal and interest requirements to retire the general obligation debt and building assistance loan outstanding at June 30, 2001, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$140,000	\$121,609	\$261,609
2003	150,000	111,659	261,659
2004	155,000	101,134	256,134
2005	165,000	90,034	255,034
2006	170,000	77,895	247,895
2007-2011	795,000	193,360	988,360
2012-2016	150,000	46,238	196,238
2017-2018	60,000	4,110	64,110
Total	<u>\$1,785,000</u>	<u>\$746,039</u>	<u>\$2,531,039</u>

**16. INTERFUND ACTIVITY**

As of June 30, 2001, there were receivables and payables that resulted from various interfund transactions. The general fund had an interfund receivable of \$14,100, and the playground and vocational agriculture equipment grant capital projects funds had interfund payables of \$10,000 and \$4,100, respectively.

**17. JOINTLY GOVERNED ORGANIZATIONS**

**Western Ohio Computer Organization** - The District is a participant in the Western Ohio Computer Organization (WOCO) which is a computer consortium. WOCO is an association of public school districts within the geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment for 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 one representative from the fiscal agent. The District paid WOCO \$14,830 for services provided during the year. Financial information can be obtained from Louis Ivey, who serves as Director, at 129 East Court Street, Sidney, Ohio 45365.

**Southwestern Ohio Educational Purchasing Council** - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**17. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2001, the District paid \$270 to SOEPC.

To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

**Southwestern Ohio Instructional Technology Association** - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under Section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e. Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the general fund. During fiscal year 2001, the District paid \$1,108 to SOITA.

To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

**Shelby County Local Professional Development Consortium** - The District is a participant in the Shelby County Local Professional Development Consortium which is a regional council of governments in accordance with Chapter 167 of the Ohio Revised Code. The Consortium was established to provide educator license/certificate renewal standards and procedures for professional growth. The Consortium is made up of the public school districts and the educational service center in Shelby County.

The executive committee consists of one teacher representative from each of the school districts and the educational service center, one superintendent elected by the superintendents, one principal elected by the principals, one administrator employed by the Shelby County Educational Service Center and one treasurer elected by the treasurers. The District paid \$2,725 from the general fund during fiscal year 2001.

Financial information can be obtained from Louis Ivey, who serves as director, at 129 East Court Street, Sidney, Ohio 45365.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**18. INSURANCE PURCHASING POOLS**

**Ohio School Board Association Workers' Compensation Group Rating Plan** - The District participates in the Ohio School Board Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an 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 the coordinator of the program. Each year, the participating school districts pay an enrollment fee to cover the costs of administering the program. The District paid \$1,534 from the general fund during fiscal year 2001.

**Shelby County Schools Consortium** - The Shelby County Consortium is an insurance purchasing pool among several local school districts and the Shelby County Educational Service Center. The purpose of the Consortium is to achieve more favorable rates for employee insurance by creating a larger pool on which to base the insurance experience. The consortium acts together to provide health/surgical, dental and term-life benefits to its participants at a lower rate than if individual districts acted independently. Each school district pays monthly premiums to the provider Anthem and Community National Assurance Company. During fiscal year 2001, the District paid \$98,434 from the general fund. The Group is governed by an administrative committee consisting of the superintendent from each participating school district and the service center. The degree of control exercised by any participating school district is limited to its representation on the committee. Financial information can be obtained from Mike Elsass, who serves as consultant to the group, Elsass/Hecker CLU's, 131 North Ludlow Street, Dayton, Ohio 45402.

**19. SET-ASIDE CALCULATIONS**

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. The following cash basis information describes the change in the fiscal year end set aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	<b>Budget Stabilization Reserve</b>	<b>Capital Improvements Reserve</b>	<b>Textbooks/ Instructional Materials Reserve</b>
Set-aside Reserve Balance, As of June 30, 2000	\$42,729	\$(6,068)	\$(4,414)
Current Year Set-aside Requirement	0	66,502	66,502
Reduction in Requirement Based On Revised Legislation	(26,016)	0	0
Offsets	0	(95,607)	0
Qualifying Disbursements	0	0	(51,604)
Set-aside Balance Carried Forward to Future Years	\$16,713	\$(35,173)	\$10,484
Set-side Reserve Balance As of June 30, 2001	\$16,713	\$0	\$10,484

The District had offsets during the fiscal year that reduced the capital improvements set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement in future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was \$27,197. The budget stabilization reserve amount represents the restricted Bureau of Workers Compensation refunds.



**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**20. SIGNIFICANT CONTRACTUAL COMMITMENTS**

As of June 30, 2001, the District had contractual purchase commitments as follows:

<u>Company</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at 6/30/01</u>
Lefeld's Supplies and Rental	Welder and Plasma Cutter	\$5,973	\$1,879	\$4,094
ECK Refrigeration	Classroom Air Conditioning	18,490	10,840	7,650
Yes Learning Computer	File Server	11,792	0	11,792
Yes Learning Computer	Computer Software	11,000	0	11,000

**21. GRANTS**

The 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 District at June 30, 2001.

**22. SUBSEQUENT EVENTS**

**A. State School Funding Decision**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 4, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the court to reconsider and clarify parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirements that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such consideration.

As of the date of these financial statements, the District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**22. SUBSEQUENT EVENTS (Continued)**

**B. Capital Lease**

The District leased computer equipment that was received in September 2001. The District is required to make monthly installment payments through IBM starting in November 2001, in a total payment amount of \$37,000.

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**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
AS OF JUNE 30, 2000**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Assets and Other Debits</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$526,946	\$95,168	\$438,702	\$49,790
Cash and Cash Equivalents in Segregated Accounts		651		
Cash and Cash Equivalents With Fiscal Agent		6,321		
Investments		20,000		
Receivables:				
Property Taxes	862,423	20,300	385,633	72,323
Accounts	7,151			
Intergovernmental	1,000			
Accrued Interest	517	440		
Interfund	32,327			
Prepaid Items				
Inventory of Supplies and Materials	10,627			
Inventory Held for Resale				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	52,729			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Long-Term Debt				
Amount to be Provided for Retirement of General Long-Term Debt				
<b>Total Assets and Other Debits</b>	<u>1,493,720</u>	<u>142,880</u>	<u>824,335</u>	<u>122,113</u>
<b>Liabilities, Fund Equity and Other Credits</b>				
<b>Liabilities:</b>				
Accounts Payable	\$12,437	\$7,964		\$1,115
Accrued Wages and Benefits Payable	260,684	420		
Intergovernmental Payable	55,586	91		
Interfund Payable				32,327
Due To Students				
Deferred Revenue	839,501	19,694	374,556	70,420
Compensated Absences Payable	5,486			
General Obligation Bonds Payable				
<b>Total Liabilities</b>	<u>1,173,694</u>	<u>28,169</u>	<u>374,556</u>	<u>103,862</u>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved				
Fund Balance:				
Reserved for Encumbrances	15,247	3,868		7,122
Reserved for Inventory of Supplies and Materials	10,627			
Reserved for Contributions				
Reserved for Property Taxes	23,364	606	11,077	1,903
Reserved for Budget Stabilization	42,729			
Reserved for School Bus Purchases	10,000			
Designated for Budget Stabilization	18,185			
Unreserved, Undesignated	199,874	110,237	438,702	9,226
<b>Total Fund Equity and Other Credits</b>	<u>320,026</u>	<u>114,711</u>	<u>449,779</u>	<u>18,251</u>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<u>\$1,493,720</u>	<u>\$142,880</u>	<u>\$824,335</u>	<u>\$122,113</u>

See Accompanying Notes to the General Purpose Financial Statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
Enterprise	Trust and Agency			
\$25,339	\$39,074			\$1,175,019
				651
				6,321
	10,000			30,000
				1,340,679
				7,151
93				1,093
	408			1,365
				32,327
649				649
380				11,007
7,297				7,297
				52,729
85,345		\$6,991,918		7,077,263
			\$449,779	449,779
			1,783,260	1,783,260
<u>119,103</u>	<u>49,482</u>	<u>6,991,918</u>	<u>2,233,039</u>	<u>11,976,590</u>
\$82				23,496
4,942				266,046
7,429			32,396	95,502
				32,327
	35,912			35,912
5,727				1,309,898
			175,643	181,129
			2,025,000	2,025,000
<u>18,180</u>	<u>35,912</u>		<u>2,233,039</u>	<u>3,969,310</u>
		6,991,918		6,991,918
89,251				89,251
11,672				11,672
				24,339
				10,627
	11,700			11,700
				36,950
				42,729
				10,000
				18,185
	1,870			759,909
<u>100,923</u>	<u>13,570</u>	<u>6,991,918</u>		<u>8,007,280</u>
<u>\$119,103</u>	<u>\$49,482</u>	<u>\$6,991,918</u>	<u>\$2,233,039</u>	<u>\$11,976,590</u>

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total (Memorandum Only)</b>
<b>Revenues:</b>					
Property Taxes	\$793,813	\$18,680	\$372,471	\$49,901	\$1,234,865
Tuition and Fees	149,274				149,274
Interest	49,775	2,737			52,512
Intergovernmental	2,102,185	108,707	39,222	102,924	2,353,038
Extracurricular Activities		103,172		26,540	129,712
Rent	10,000				10,000
Gifts and Donations		11,913		332	12,245
<b>Total Revenues</b>	<b>3,105,047</b>	<b>245,209</b>	<b>411,693</b>	<b>179,697</b>	<b>3,941,646</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	1,534,549	40,114		79,103	1,653,766
Special	199,330	58,179			257,509
Vocational	121,590			1,913	123,503
Support Services:					
Pupils	117,447	53,073		30,648	201,168
Instructional Staff	157,214	21,320		6,356	184,890
Board of Education	8,401				8,401
Administration	265,355	4,230		8,225	277,810
Fiscal	99,444	394	7,870	1,043	108,751
Operation and Maintenance of Plant	242,545	8,108		5,803	256,456
Pupil Transportation	124,564	6,233		11,532	142,329
Central	2,637	3,750			6,387
Operation of Non-Instructional Services		3,532			3,532
Extracurricular Activities	97,529	61,240			158,769
Capital Outlay		22,234		314,880	337,114
Debt Service:					
Principal Retirement	10,273		225,000		235,273
Interest and Fiscal Charges	905		149,349		150,254
<b>Total Expenditures</b>	<b>2,981,783</b>	<b>282,407</b>	<b>382,219</b>	<b>459,503</b>	<b>4,105,912</b>
Excess of Revenues Over (Under) Expenditures	123,264	(37,198)	29,474	(279,806)	(164,266)
<b>Other Financing Sources(Uses):</b>					
Proceeds From Sale of Fixed Assets	415				415
Transfer-in		30,000			30,000
Transfer-out	(30,000)				(30,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(29,585)</b>	<b>30,000</b>			<b>415</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	93,679	(7,198)	29,474	(279,806)	(163,851)
Fund Balances at Beginning of Year	227,463	121,909	420,305	298,057	1,067,734
Decrease in Reserve for Inventory	(1,116)				(1,116)
<b>Fund Balances at End of Year</b>	<b>\$320,026</b>	<b>\$114,711</b>	<b>\$449,779</b>	<b>\$18,251</b>	<b>\$902,767</b>

See Accompanying Notes to the General Purpose Financial Statements.

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**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$756,500	\$810,890	\$54,390	\$17,600	\$19,044	\$1,444
Tuition and Fees	24,500	35,220	10,720			
Interest	35,000	58,167	23,167	2,550	2,611	61
Intergovernmental	1,988,997	2,215,889	226,892	74,884	75,955	1,071
Extracurricular Activities				127,100	102,521	(24,579)
Rent	7,000	10,000	3,000			
Gifts and Donations				3,350	11,913	8,563
<b>Total Revenues</b>	<u>2,811,997</u>	<u>3,130,166</u>	<u>318,169</u>	<u>225,484</u>	<u>212,044</u>	<u>(13,440)</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	1,568,169	1,544,833	23,336	53,091	35,192	17,899
Special	203,643	199,373	4,270	32,573	32,573	
Vocational	129,981	121,101	8,880			
Other	18,000	17,481	519			
Support Services:						
Pupils	126,097	107,286	18,811	64,506	50,526	13,980
Instructional Staff	165,564	156,608	8,956	15,689	15,689	
Board of Education	9,100	8,401	699			
Administration	275,825	263,418	12,407	4,889	4,230	659
Fiscal	107,589	101,405	6,184	500	394	106
Operation and Maintenance of Plant	266,555	251,463	15,092	8,301	8,108	193
Pupil Transportation	144,761	122,865	21,896	9,500	6,233	3,267
Central	2,900	2,573	327	5,000	3,750	1,250
Operation of Non-Instructional Services	100		100	6,000	4,500	1,500
Extracurricular Activities	100,400	97,589	2,811	110,043	62,856	47,187
Capital Outlay	71,213		71,213	29,000	22,234	6,766
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
<b>Total Expenditures</b>	<u>3,189,897</u>	<u>2,994,396</u>	<u>195,501</u>	<u>339,092</u>	<u>246,285</u>	<u>92,807</u>
Excess of Revenues Over (Under) Expenditures	<u>(377,900)</u>	<u>135,770</u>	<u>513,670</u>	<u>(113,608)</u>	<u>(34,241)</u>	<u>79,367</u>
<b>Other Financing Sources (Uses):</b>						
Proceeds From Sale of Fixed Assets		415	415			
Refund of Prior Year Expenditures		6,140	6,140		685	685
Transfers In				30,000	30,000	
Advances - In		14,982	14,982			
Transfers-Out	(30,000)	(30,000)				
Advances - Out	(18,625)	(18,625)				
<b>Total Other Financing Sources (Uses)</b>	<u>(48,625)</u>	<u>(27,088)</u>	<u>21,537</u>	<u>30,000</u>	<u>30,685</u>	<u>685</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(426,525)</u>	<u>108,682</u>	<u>535,207</u>	<u>(83,608)</u>	<u>(3,556)</u>	<u>80,052</u>
Fund Balances at Beginning of Year	380,862	380,862		92,615	92,615	
Prior Year Encumbrances Appropriated	66,661	66,661		20,346	20,346	
<b>Fund Balances at End of Year</b>	<u>\$20,998</u>	<u>\$556,205</u>	<u>\$535,207</u>	<u>\$29,353</u>	<u>\$109,405</u>	<u>\$80,052</u>

See Accompanying Notes to the General Purpose Financial Statements



Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$370,700	\$381,185	\$10,485	\$50,400	\$49,651	(\$749)
38,544	39,222	678	132,904	102,924	(29,980)
			27,000	26,540	(460)
			3,000	332	(2,668)
<u>409,244</u>	<u>420,407</u>	<u>11,163</u>	<u>213,304</u>	<u>179,447</u>	<u>(33,857)</u>
			87,701	79,103	8,598
			4,148	4,034	114
			32,644	30,648	1,996
			10,356	6,356	4,000
100,000		100,000	11,517	8,960	2,557
335,409	7,870	327,539	1,100	1,043	57
			12,658	6,302	6,356
			11,532	11,532	
			352,486	319,380	33,106
225,000	225,000				
149,349	149,349				
<u>809,758</u>	<u>382,219</u>	<u>427,539</u>	<u>524,142</u>	<u>467,358</u>	<u>56,784</u>
<u>(400,514)</u>	<u>38,188</u>	<u>438,702</u>	<u>(310,838)</u>	<u>(287,911)</u>	<u>22,927</u>
				18,625	18,625
			(14,982)	(14,982)	
			<u>(14,982)</u>	<u>3,643</u>	<u>18,625</u>
(400,514)	38,188	438,702	(325,820)	(284,268)	41,552
400,514	400,514		286,142	286,142	
			39,680	39,680	
<u>\$0</u>	<u>\$438,702</u>	<u>\$438,702</u>	<u>\$2</u>	<u>\$41,554</u>	<u>\$41,552</u>

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS/FUND BALANCE  
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Operating Revenues:</b>			
Sales	\$120,821		\$120,821
Interest		\$995	995
Total Operating Revenues	<u>120,821</u>	<u>995</u>	<u>121,816</u>
<b>Operating Expenses:</b>			
Salaries and Wages	47,744		47,744
Fringe Benefits	16,150		16,150
Purchased Services	4,701		4,701
Supplies and Materials	981		981
Cost of Sales	81,985		81,985
Other		500	500
Depreciation	7,784		7,784
Total Operating Expenses	<u>159,345</u>	<u>500</u>	<u>159,845</u>
Operating Income (Loss)	(38,524)	495	(38,029)
<b>Non-Operating Revenues:</b>			
Interest	663		663
Federal and State Subsidies	23,067		23,067
Federal Donated Commodities	17,205		17,205
Total Non-Operating Revenues	<u>40,935</u>		<u>40,935</u>
Net Income	2,411	495	2,906
Retained Earnings/Fund Balance at Beginning of Year	<u>9,261</u>	<u>13,075</u>	<u>22,336</u>
<b>Retained Earnings/Fund Balance at End of Year</b>	<u><u>\$11,672</u></u>	<u><u>\$13,570</u></u>	<u><u>\$25,242</u></u>

See Accompanying Notes to the General Purpose Financial Statements.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)  
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Enterprise Fund</u>			<u>Nonexpendable Trust Fund</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>						
Sales	\$124,700	\$120,821	(\$3,879)			
Interest	400	692	292	\$1,200	\$645	(\$555)
Federal and State Subsidies	24,900	25,812	912			
<b>Total Revenues</b>	<u>150,000</u>	<u>147,325</u>	<u>(2,675)</u>	<u>1,200</u>	<u>645</u>	<u>(555)</u>
<b>Expenses:</b>						
Salaries and Wages	62,000	46,226	15,774			
Fringe Benefits	17,500	16,048	1,452			
Purchased Services	5,980	4,714	1,266			
Supplies and Materials	71,510	65,568	5,942			
Capital Outlay	4,672	1,192	3,480			
Other				2,000	500	1,500
<b>Total Expenses</b>	<u>161,662</u>	<u>133,748</u>	<u>27,914</u>	<u>2,000</u>	<u>500</u>	<u>1,500</u>
Excess of Revenues Over (Under) Expenses	(11,662)	13,577	25,239	(800)	145	945
Fund Equity at Beginning of Year	9,415	9,415		13,017	13,017	
Prior Year Encumbrances Appropriated	2,252	2,252				
<b>Fund Equity at End of Year</b>	<u>\$5</u>	<u>\$25,244</u>	<u>\$25,239</u>	<u>\$12,217</u>	<u>\$13,162</u>	<u>\$945</u>

*See Accompanying Notes to the General Purpose Financial Statements.*

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$120,821		\$120,821
Cash Payments for Employee Services and Benefits	(62,274)		(62,274)
Cash Payments to Suppliers for Goods and Services	(70,186)		(70,186)
Other Operating Expenses		(\$500)	(500)
Net Cash Used For Operating Activities	<u>(11,639)</u>	<u>(500)</u>	<u>(12,139)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Federal and State Subsidies Received	25,812		25,812
Net Cash Provided By Noncapital Financing Activities	<u>25,812</u>		<u>25,812</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition of Capital Assets	(1,192)		(1,192)
Net Cash Used For Capital and Related Financing Activities	<u>(1,192)</u>		<u>(1,192)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest	692	645	1,337
Net Cash Provided By Investing Activities	<u>692</u>	<u>645</u>	<u>1,337</u>
Net Increase in Cash and Cash Equivalents	13,673	145	13,818
Cash and Cash Equivalents Beginning of Year	<u>11,666</u>	<u>3,017</u>	<u>14,683</u>
<b>Cash and Cash Equivalents End of Year</b>	<u>25,339</u>	<u>3,162</u>	<u>28,501</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Used For Operating Activities:</b>			
Operating Income (Loss)	(38,524)	495	(38,029)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Used For Operating Activities:</b>			
Net Cash Used For Operating Activities:			
Depreciation	7,784		7,784
Donated Commodities Received	17,205		17,205
Interest in Nonexpendable Trust Fund		(587)	(587)
Changes in Assets and Liabilities:			
Increase in Accrued Interest Receivable		(408)	(408)
Increase in Prepaid Items	(207)		(207)
Decrease in Inventory of Supplies and Materials	138		138
Decrease in Inventory Held for Resale	55		55
Increase in Accounts Payable	82		82
Increase in Accrued Wages and Benefits Payable	1,726		1,726
Increase in Intergovernmental Payable	102		102
Net Cash Used For Operating Activities	<u>(\$11,639)</u>	<u>(\$500)</u>	<u>(\$12,139)</u>
<b>Reconciliation of Cash and Cash Equivalents of Nonexpendable Trust Fund to Balance Sheet</b>			
Cash and Cash Equivalents-All Fiduciary Funds		\$39,074	
Cash and Cash Equivalents-Agency Fund		(35,912)	
Cash and Cash Equivalents-Nonexpendable Trust Fund		<u>\$3,162</u>	

**Non-Cash Transactions:**

During fiscal year 2000, the governmental funds purchased furniture and equipment for the Food Service Enterprise Fund with a fair market value of \$1,102.

*See Accompanying Notes to the General Purpose Financial Statements.*

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Botkins Local School District (the "District") is a politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District operates under a locally-elected five member Board form of government and provides educational services as mandated by State and/or federal agencies.

The District is staffed by 22 non-certificated employees, 42 certificated full-time teaching personnel and two administrative employees who provide services to 635 students and other community members. The District currently operates one instructional/support building.

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

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

The District is associated with four jointly governed organizations and two insurance purchasing pools. These organizations are presented in Note 16 and 17 to the general purpose financial statements. These organizations are:

**Jointly Governed Organizations:**

- Western Ohio Computer Organization
- Southwestern Ohio Educational Purchasing Council
- Southwestern Ohio Instructional Technology Association
- Shelby County Local Professional Development Consortium

**Insurance Purchasing Pools:**

- Ohio School Boards Association Workers' Compensation Group Rating Plan
- Shelby County Schools Consortium

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements.

The more significant of the District's accounting policies are described below.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis Of Presentation - Fund Accounting**

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

**1. Governmental Fund Types:**

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental fund types:

**General Fund**

The general fund is the operating fund of the District and 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 District for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Special Revenue Funds**

The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

**Debt Service Fund**

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

**Capital Projects Funds**

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary fund or the trust fund).

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Proprietary Fund Type:**

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following is the District's proprietary fund type:

**Enterprise Fund**

The enterprise fund is used to account for District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**3. Fiduciary Fund Types:**

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District's fiduciary funds include nonexpendable trust and agency funds. The nonexpendable trust fund is accounted for in essentially the same manner as the proprietary fund. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

**4. Account Groups:**

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

**General Fixed Assets Account Group**

This account group is established to account for all fixed assets of the District, other than those accounted for in the proprietary or trust funds.

**General Long-Term Debt Account Group**

This account group is established to account for all long-term obligations of the District except those accounted for in the proprietary or trust funds.

**B. Measurement Focus and Basis of Accounting**

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

The proprietary and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The proprietary and nonexpendable trust funds' operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available as an advance, interest, interfund, tuition, grants and student fees.

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Accounts receivable, in some instances, are recorded as deferred revenue because they do not meet the availability criteria. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund and nonexpendable trust fund. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**C. Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than the agency fund, are legally required to be budgeted and appropriated. The Title III, Title VI-B, and Preschool special revenue funds grant activity that is administered by a fiscal agent is not budgeted by the District. The legal level of budgetary control is at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances - in and advances - out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.



**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. Tax Budget:**

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

**2. Estimated Resources:**

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

The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

**3. Appropriations:**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District.

The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources.

During the year, several supplemental appropriations were legally enacted; however, they were not significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than the Title III, Title VI-B, and Preschool special revenue funds and the agency fund, consistent with statutory provisions

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. Encumbrances:**

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for the proprietary fund.

**5. Lapsing of Appropriations:**

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

**D. Cash and Cash Equivalents**

To improve cash management, cash received by the District is pooled. Monies for all funds, except the nonexpendable trust fund, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

Investments that are held separately by the Botkins Student Memorial special revenue fund and the nonexpendable trust fund are recorded on the balance sheet as "investments."

Cash and cash equivalents that are held separately within departments of the District and not held with the Treasurer are recorded on the balance sheet as "cash and cash equivalents in segregated accounts."

The balance of various grant activity administered by the fiscal agent is presented on the combined balance sheet as "cash and cash equivalents with fiscal agent" and represents deposits of the Shelby County Educational Service Center.

During fiscal year 2000, investments were limited to certificates of deposit, which are nonparticipating investment contracts reported at cost.

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 2000 amounted to \$49,775 which includes \$25,507 assigned from other Districts funds. The special revenue, proprietary and nonexpendable trust funds also received interest in the amount of \$2,737, \$663, and \$995, respectively.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with a maturity of more than three months that were not purchased from the pool are reported as investments.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food and non-food supplies and are expensed when used.

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**G. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent unexpended revenues restricted for the purchase of buses and amounts required by statute to be set-aside by the District for the creation of a reserve for budget stabilization.

**H. Estimates**

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

**I. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of two hundred and fifty dollars. The District does not have any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized. Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund is computed using the straight-line method over an estimated useful life of five to twenty years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The District currently participates in several State and Federal programs, categorized as follows:

**Entitlements**

**General Fund**

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Program

**Non-Reimbursable Grants**

**Special Revenue Funds**

- Education Management Information Systems
- Title I
- Library Services
- Continuous Improvement Development
- Class Size Reduction Grant
- Title VI
- Title VI-B
- Professional Development Block Grant
- Title III
- Preschool Grant
- School Net Professional Development Grant
- Summer Intervention

**Capital Projects Funds**

- School Net
- Power Up Grant
- IVDL Grant
- Emergency Repairs Grant
- Technology Equity

**Reimbursable Grants**

**General Fund**

- Driver Education

**Special Revenue Fund**

- E-Rate

**Capital Project**

- Vocational Agriculture Equipment Grant

**Proprietary Funds**

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements received in governmental funds amounted to 60 percent of governmental fund revenue during the 2000 fiscal year.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Interfund Assets/Liabilities**

Short term interfund loans are classified as "interfund receivables" and "interfund payables".

**L. Compensated Absences**

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

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

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term debt account group. In the proprietary fund, the entire amount of compensated absences is reported as a fund liability.

**M. Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and pension contributions that will be paid from governmental funds are reported as a liability in the general long-term debt account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are considered not to have been paid using current available financial resources. General obligation bonds are reported as a liability of the general long-term debt account group until due.

Long-term obligations financed by proprietary funds are reported as liabilities in the proprietary fund.

**N. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. Fund Balance Reserves**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventory of supplies and materials, contributions, property taxes, budget stabilization, school bus purchases, and textbooks and instructional materials.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The reserve for contributions signifies the legal restrictions on the use of principal.

**P. Fund Designations**

Fund balance designations may be established to indicate tentative planned expenditures of financial resources. The designations reflect the District's intentions and are subject to change. Designations are reported as part of unreserved fund balance. Designations arise when amounts set-aside exceed the statutory required amount. The amount designated this year for the District is \$18,185 for budget stabilization.

**Q. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Because the District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1992, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

**R. Total Columns on General Purpose Financial Statements**

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**3. ACCOUNTABILITY**

The Title I special revenue fund, the playground, vocational agriculture equipment grant, and the emergency repairs grant capital projects funds had deficit fund balances at June 30, 2000, of \$89, \$7,032, \$3,702, and \$16,425, respectively. The deficits were created by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - (Non-GAAP Budgetary Basis) - All Governmental Fund Types and the Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance - Budget and Actual - (Non-GAAP Budgetary Basis) - Proprietary Fund Type and Nonexpendable Trust Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. The District does not budget for the activities of various grants administered by the fiscal agent who collects and holds the assets (budget basis). However, the activities of the fiscal agent that pertain to Botkins Local District are included in the special revenue funds for GAAP reporting purposes (GAAP basis).
5. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
6. For the enterprise fund, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

**Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental Fund Types**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$93,679	(\$7,198)	\$29,474	(\$279,806)
Revenue Accruals	31,259	4,405	8,714	(250)
Expenditure Accruals	10,857	6,951	0	381
Non-budgeted Activity	0	(1,952)	0	0
Advances	(3,643)	0	0	3,643
Encumbrances	(23,470)	(5,762)	0	(8,236)
Budget Basis	<u>\$108,682</u>	<u>(\$3,556)</u>	<u>\$38,188</u>	<u>(\$284,268)</u>

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING (Continued)**

**Net Income/Excess of Revenues Over Expenses  
Proprietary Fund Type and Nonexpendable Trust Fund**

	<b>Enterprise</b>	<b>Nonexpendable Trust</b>
GAAP Basis	\$2,411	\$495
Revenue Accruals	2,746	(408)
Expense Accruals	1,881	0
Prepaid Items	207	0
Inventory of Supplies and Materials	(138)	0
Inventory Held for Resale	(55)	0
Capital Outlay	(1,192)	0
Unrecorded Cash	28	58
Depreciation Expense	7,784	0
Encumbrances	(95)	0
Budget Basis	\$13,577	\$145

**5. DEPOSITS AND INVESTMENTS**

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

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

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

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

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;



**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

2. Bonds, notes, debentures, or any other obligations 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligation, 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 District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "*Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*".

**Cash on Hand:** At fiscal year end, the District had \$1,000 in undeposited cash on hand which is included on the balance sheet of the District as part of "equity in pooled cash and cash equivalents".

The "cash and cash equivalents with fiscal agent" of \$6,321 shown in the special revenue funds is maintained with the Shelby County Educational Service Center. GASB statement 3 disclosures regarding this amount can be obtained from their annual report.

**Deposits:** At fiscal year end, the carrying amount of the District's deposits was \$1,257,399 and the bank balance was \$1,365,374. Of the bank balance, \$200,000 was covered by federal depository insurance; and \$1,165,374 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

**BOTKINS LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

**Investments:** The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District does not have any investments.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, *"Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."*

A reconciliation between the classifications of cash and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<b>Cash and Cash Equivalents/ Deposits</b>	<b>Investments</b>
GASB Statement 9	\$1,234,720	\$30,000
Cash on Hand	(1,000)	0
Cash and Cash Equivalents with Fiscal Agents	(6,321)	0
Investments:		
Certificate of Deposit	30,000	(30,000)
GASB Statement 3	\$1,257,399	\$0

**6. PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes. 2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000, and are collected in 2001 with real property taxes. 2000 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**6. PROPERTY TAXES (Continued)**

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 later payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Shelby County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$23,364 in the general fund, \$606 in the special revenue funds, \$11,077 in the debt service fund and \$1,903 in the capital projects funds.

The assessed values upon which fiscal year 2000 taxes were collected are:

	<b>1999 Second- Half Collections</b>		<b>2000 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential and Other Real Estate	\$27,914,170	71.44%	\$27,812,000	71.18%
Public Utility	46,880	0.12	51,770	0.13
Tangible Personal Property	11,111,915	28.44	11,212,925	28.69
Total Assessed Value	<u>\$39,072,965</u>	<u>100.00%</u>	<u>\$39,076,695</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$36.65		\$36.65	

**7. RECEIVABLES**

Receivables at June 30, 2000, consisted of property taxes, accounts (student fees), accrued interest, interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

	<b>Amounts</b>
General Fund Drivers Education Reimbursement	<u>\$1,000</u>
Enterprise Fund Federal School Lunch Reimbursement	<u>93</u>
Total Intergovernmental Receivables	<u><u>\$1,093</u></u>

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**8. FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$112,816
Less Accumulated Depreciation	(27,471)
Net Fixed Assets	\$85,345

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land and Improvements	\$37,889	\$18,463	\$0	\$56,352
Buildings and Improvements	5,326,713	217,488	0	5,544,201
Furniture, Fixtures and Equipment	863,678	128,655	7,985	984,348
Vehicles	168,044	53,236	17,565	203,715
Books	184,354	20,508	1,560	203,302
Totals	6,580,678	\$438,350	\$27,110	6,991,918

**9. RISK MANAGEMENT**

**A. Property and Liability**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the District contracted with Nationwide Insurance for property and fleet insurance, liability and inland marine coverage. Coverages provided by Nationwide Insurance are as follows:

Building and Contents-replacement cost (\$500 deductible)	\$15,600,270
Inland Marine Coverage (\$500 deductible)	250,000
Boiler and Machinery (\$1,000 deductible)	15,600,270
Money and Securities	25,000
Automobile Liability	2,000,000
Uninsured Motorists	1,000,000
Comprehensive Liability	
Per occurrence	2,000,000
Aggregate	5,000,000

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

**B. Workers' Compensation**

For fiscal year 2000, the District participated in the Ohio School Board Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the school district by virtue of its grouping and representation with other participants in the GRP.

**BOTKINS LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**9. RISK MANAGEMENT (Continued)**

The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald provides administrative, cost control and actuarial services to the GRP.

**10. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code.

SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$13,514, \$22,715, and \$35,201, respectively; 21 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$10,690 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term debt account group.

**B. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code.

STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**10. DEFINED BENEFIT PENSION PLANS (Continued)**

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$103,935, \$88,027, and \$157,435, respectively; 84 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$16,534 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, 4 members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid. The remaining Board member contributes to SERS.

**11. POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$138,581 for fiscal year 2000. STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$29,140.

**BOTKINS LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**11. POSTEMPLOYMENT BENEFITS**

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

**12. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 days for all employees. Upon retirement, employees with five or more years of service with the District receive payment for one-fourth of accrued, but unused sick leave credit to a maximum of 30 days for classified employees and 45 days for certified employees.

**13. LONG-TERM OBLIGATIONS**

The changes in the District's long-term obligations during fiscal year 2000 were as follows:

	<u>Amount Outstanding 6/30/99</u>	<u>Additions</u>	<u>Deductions</u>	<u>Amount Outstanding 6/30/00</u>
Building Addition Bond 1990 5.8 - 7.2%	\$205,000	\$0	\$100,000	\$105,000
Gym Addition Bond 1990 5.8 - 7.2%	1,435,000	0	90,000	1,345,000
Building Assistance Bond 1995 5.1 - 6.85%	610,000	0	35,000	575,000
Total Long-Term Bonds	<u>2,250,000</u>	<u>0</u>	<u>225,000</u>	<u>2,025,000</u>
Capital Leases Payable	10,273	0	10,273	0
Intergovernmental Payable	19,891	32,396	19,891	32,396
Compensated Absences	181,592	0	5,949	175,643
Total General Long-Term Obligations	<u><u>\$2,461,756</u></u>	<u><u>\$32,396</u></u>	<u><u>\$261,113</u></u>	<u><u>\$2,233,039</u></u>

Botkins Building Addition and Gym General Obligation Bonds - Series A & B - On March 1, 1990, the District issued \$2,500,000 in voted general obligation bonds for the purpose of a building and gym addition. The bonds were issued for a twenty year period with final maturity in December, 2009. The bonds will be retired from the debt service fund.

**BOTKINS LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
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(Continued)**

**13. LONG-TERM OBLIGATIONS (Continued)**

Building Assistance Bond - On January 15, 1995, the District issued \$750,000 in voted general obligation bonds for the purpose of the acquisition, construction, reconstruction and improvement of buildings and structures and the acquisition of sites. The bonds were issued for a twenty-one year period with final maturity during fiscal year 2018. The bonds will be retired from the debt service fund.

The intergovernmental payable and compensated absences will be paid from the fund from which the employees' salaries are paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period.

The District's overall legal debt margin was \$1,941,682, with an unvoted debt margin of \$39,077 at June 30, 2000.

Principal and interest requirements to retire the general obligation debt and building assistance loan outstanding at June 30, 2000, are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2001	\$240,000	\$134,251	\$374,251
2002	140,000	121,609	261,609
2003	150,000	111,659	261,659
2004	155,000	101,134	256,134
2005	165,000	90,034	255,034
2006-2010	935,000	255,843	1,190,843
2011-2015	150,000	56,513	206,513
2016-2018	90,000	9,248	99,248
Total	<u>\$2,025,000</u>	<u>\$880,291</u>	<u>\$2,905,291</u>

**14. CAPITAL LEASES - LESSEE DISCLOSURE**

In the past, the District has entered into capitalized leases for computer equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements in the general fund. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of computer equipment that have been capitalized in the general fixed assets account group in the amount of \$29,995. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term debt account group. Principal payments in fiscal year 2000 totaled \$10,273 in the general fund.

There are no future long-term minimum lease payments required under the capital leases since they were paid off during fiscal year 2000.



**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**15. INTERFUND ACTIVITY**

As of June 30, 2000, there were receivables and payables that resulted from various interfund transactions. The general fund had an interfund receivable of \$32,327, and the playground, emergency repairs grant, and vocational agriculture equipment grant capital projects funds had interfund payables of \$10,000, \$16,425 and \$5,902, respectively.

**16. JOINTLY GOVERNED ORGANIZATIONS**

**Western Ohio Computer Organization** - The District is a participant in the Western Ohio Computer Organization (WOCO) which is a computer consortium. WOCO is an association of public school districts within the geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment for 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 one representative from the fiscal agent. The District paid WOCO \$15,164 for services provided during the year. Financial information can be obtained from Louis Ivey, who serves as Director, at 129 E. Court Street, Sidney, Ohio 45365.

**Southwestern Ohio Educational Purchasing Council** - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2000, the District paid \$556 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

**Shelby County Local Professional Development Consortium** - The District is a participant in the Shelby County Local Professional Development Consortium which is a regional council of governments in accordance with Chapter 167 of the Ohio Revised Code. The Consortium was established to provide educator license/certificate renewal standards and procedures for professional growth. The Consortium is made up of the public school districts and the educational service center in Shelby County.

The executive committee consists of one teacher representative from each of the school districts and the educational service center, one superintendent elected by the superintendents, one principal elected by the principals, one administrator employed by the Shelby County Educational Service Center and one treasurer elected by the treasurers. The District paid \$2,723 from the general fund during fiscal year 2000. Financial information can be obtained from Louis Ivey, who serves as director, at 129 E. Court Street, Sidney, Ohio 45365.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**16. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**Southwestern Ohio Instructional Technology Association** - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under Section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions.

Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e. Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the general fund. During fiscal year 2000, the District paid \$5,055 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

**17. INSURANCE PURCHASING POOLS**

**Ohio School Board Association Workers' Compensation Group Rating Plan** - The District participates in the Ohio School Board Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an 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 the coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The District paid \$2,874 from the general fund during fiscal year 2000.

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

Each school district pays monthly premiums to the provider Anthem and Community National Assurance Company. During fiscal year 2000, the District paid \$95,256 from the general fund. The Group is governed by an administrative committee consisting of the superintendent from each participating school district and the service center. The degree of control exercised by any participating school district is limited to its representation on the committee. Financial information can be obtained from Mike Elsass, who serves as consultant to the group, Elsass/Hecker CLU's, 131 North Ludlow Street, Dayton, Ohio 45402.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**18. GRANTS**

The 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 District at June 30, 2000.

**19. CONTRIBUTED CAPITAL**

During fiscal year 2000, the governmental funds purchased furniture and equipment for the food service enterprise fund. The fair market value of the assets was \$1,102, creating a change in contributed capital from a beginning balance of \$88,149 to a balance of \$89,251 at June 30, 2000.

**20. SET-ASIDE CALCULATIONS**

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. The District is also required to set aside money for budget stabilization.

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

	<b><u>Budget Stabilization Reserve</u></b>	<b><u>Capital Improvements Reserve</u></b>	<b><u>Textbooks/ Instructional Materials Reserve</u></b>
Set-aside Reserve Balance as of June 30, 1999	\$37,913	\$0	\$0
Current Year Set-aside	21,529	64,586	64,586
Offsets	(16,713)	(70,654)	0
Qualifying Disbursements	0	0	(69,000)
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$42,729</u>	<u>(\$6,068)</u>	<u>(\$4,414)</u>
Set-aside Reserve Balance as of June 30, 2000	<u>\$42,729</u>	<u>\$0</u>	<u>\$0</u>

The District had offsets and qualifying disbursements during the fiscal year that reduced the capital improvements and textbooks/instructional materials set-aside amounts below zero. These extra amounts may be used to reduce the set-aside requirements in future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was \$42,729.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**21. SUBSEQUENT EVENTS**

**A. State School Funding Decision**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 4, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the court to reconsider and clarify parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirements that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such consideration.

As of the date of these financial statements, the District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

**B. Classroom Facilities Loan**

Due to recently passed legislation, the District will not be required to re-pay any portion of the Ohio School Facilities Commission Loan, even if the adjusted valuation per pupil exceeds the state-wide median.



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## REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Botkins Local School District  
Shelby County  
208 North Sycamore Street  
Botkins, Ohio 45306

To the Board of Education:

We have audited the financial statements of the Botkins Local School District, Shelby County, (the District) as of and for the years ended June 30, 2001, and June 30, 2000, and have issued our report thereon dated December 4, 2001, where in we noted the District adopted Governmental Accounting Statement No. 33 for the year ended June 30, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2001-10375-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 4, 2001.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated December 4, 2001.

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

**Jim Petro**  
Auditor of State

December 4, 2001

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000**

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

**FINDING NUMBER 2001-10375-01**

**Noncompliance**

**Ohio Rev. Code Section 5705.13(B)** states that a taxing authority of a subdivision, by resolution, may establish a special revenue fund for the purpose of accumulating resources for the payment of accumulated sick leave and vacation leave upon the termination of employment or the retirement of officers and employees of the subdivision.

The District had established a reserve fund for severance payments under the General fund as a separate cost center, rather than as a special revenue fund, as required. The result of not establishing the Severance Reserve Fund as a Special Revenue fund, resulted in the following restatement:

<b>Fiscal Year 2001</b>	<b>General</b>	<b>Severance</b>
Fund Balance, 6/30/01	\$395,587	\$ 9,541
Revenues	(30,000)	30,000
Expenditures	<u>22,837</u>	<u>(22,837)</u>
Restated Fund Balance, 6/30/01	\$388,424	\$16,704
<b>Fiscal Year 2000</b>	<b>General</b>	<b>Severance</b>
Fund Balance, 6/30/00	\$329,567	\$ 0
Revenues	(30,000)	30,000
Expenditures	<u>20,459</u>	<u>(20,459)</u>
Restated Fund Balance, 6/30/00	\$320,026	\$ 9,541

In future years, the District should report the severance reserve fund and the related activity as a special revenue fund. These adjustments have been made to the accompanying financial statements for both fiscal years.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**BOTKINS LOCAL SCHOOL DISTRICT**

**SHELBY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 27, 2001**