



Mary Taylor, CPA  
Auditor of State



**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

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**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Botkins Local School District, Shelby County, (the School District), as of and for the years ended June 30, 2009 and 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Botkins Local School District, Shelby County, as of June 30, 2009 and 2008, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2009, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402  
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

December 8, 2009

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008  
UNAUDITED**

This discussion and analysis of the Botkins Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal years ended June 30, 2009 and 2008, within the limitations of the School District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Highlights**

Key highlights for fiscal year 2009 are as follows:

- Net assets of governmental activities decreased \$165,709, which is a 9.7 percent decrease from 2008.
- The School District's general receipts are primarily property and income taxes and grants and entitlements not restricted to specific programs. These receipts represent respectively 20.0 and 50.2 percent of the total cash received for governmental activities during the fiscal year.
- During fiscal year 2009, the School District began collections on a voted income tax of 1.25 percent. During fiscal year 2009, \$43,029 was received for income taxes.

Key highlights for fiscal year 2008 are as follows:

- Net assets of governmental activities decreased \$404,994, which is a 19.1 percent decrease from 2007.
- The School District's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs. These receipts represent respectively 23.6 and 51.1 percent of the total cash received for governmental activities during the fiscal year.

**Using The Basic Financial Statements**

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

**Report Components**

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

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

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

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008  
UNAUDITED  
(Continued)**

**Basis of Accounting**

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

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

**Reporting The School District As A Whole**

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

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

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

**Reporting The School District's Most Significant Funds**

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

**Governmental Funds** - Most of the School District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the School District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the School District's programs.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008  
UNAUDITED  
(Continued)**

The School District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The School District's major governmental funds are the General Fund and the Bond Retirement Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

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

**The School District As A Whole**

Table 1 provides a summary of the School District's net assets comparing fiscal years 2009, 2008 and 2007 on a cash basis:

**(Table 1)**  
**Net Assets**

	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,117,344	\$1,712,350	\$1,546,641
<b>Net Assets:</b>			
<b>Restricted for:</b>			
Capital Outlay	56,215	42,145	72,424
Debt Service	852,517	780,618	604,900
Other Purposes	94,968	115,414	134,041
Set-asides	20,590	33,355	69,817
Bus Purchases	12,313		4,033
Unrestricted	1,080,741	740,818	661,426
<b>Total Net Assets</b>	<b>\$2,117,344</b>	<b>\$1,712,350</b>	<b>\$1,546,641</b>

For fiscal year 2009, net assets of governmental activities decreased \$165,709 or 9.7. The bond retirement fund's cash balance fell \$175,718. The significant reason for the decrease in the cash balance of the bond retirement fund is due to the School District decreasing the tax rate per \$1,000 of assessed valuation by \$.5 for bonded debt for collections beginning in calendar year 2009. The School District has one payment left on its 1990 School Improvement Bond. The set-aside for textbooks and instructional materials increased, as the School District did not spend enough to cover the current year requirement.

For fiscal year 2008, net assets of governmental activities decreased \$404,994 or 19.1 percent. The primary reasons contributing to the decrease in cash balance is a purchase of a bus, increase in fuel costs, payment for audit costs and increase in payroll and health insurance expenses. Further, there was a decrease in the cash balance for debt service due to the School District decreasing the tax rate per \$1,000 of assessed valuation by \$2.0 for bonded debt for collections beginning in calendar year 2007.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008  
UNAUDITED  
(Continued)**

Table 2 reflects the changes in net assets comparing fiscal years 2009, 2008 and 2007.

**(Table 2)  
Changes in Net Assets**

	<b>Governmental Activities</b>		
	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Receipts:</b>			
<b>Program Receipts:</b>			
Charges for Services	\$ 806,734	\$ 848,405	\$1,007,006
Operating Grants and Contributions	266,131	322,133	432,979
Capital Grants and Contributions	2,330	2,129	4,033
<b>Total Program Receipts</b>	<b>1,075,195</b>	<b>1,172,667</b>	<b>1,444,018</b>
<b>General Receipts:</b>			
Property Taxes	1,328,136	1,150,507	1,020,280
Income Taxes			43,029
Grants and Entitlements Not Restricted to Specific Programs	2,485,292	2,495,993	2,563,690
Other Revenue	107,371	73,235	31,717
<b>Total General Receipts</b>	<b>3,920,799</b>	<b>3,719,735</b>	<b>3,658,716</b>
<b>Total Receipts</b>	<b>4,995,994</b>	<b>4,892,402</b>	<b>5,102,734</b>
<b>Disbursements:</b>			
<b>Instruction:</b>	2,723,207	2,923,929	2,871,603
<b>Support Services:</b>			
Pupils and Instructional Staff	522,292	509,021	552,163
Board of Education, Administration, and Fiscal	563,796	634,376	703,604
Operation and Maintenance of Plant	359,669	354,136	351,489
Pupil Transportation	103,827	194,020	108,247
Central	9,553	5,527	7,136
Operation of Non-Instructional Services	186,839	183,377	194,611
Extracurricular Activities	204,725	237,490	239,280
Capital Outlay	46,732	19,077	7,307
Debt Service	244,735	236,443	233,003
<b>Total Disbursements</b>	<b>4,965,375</b>	<b>5,297,396</b>	<b>5,268,443</b>
<b>Increase in Net Assets</b>	<b>30,619</b>	<b>(404,994)</b>	<b>(165,709)</b>
<b>Net Assets, Beginning of Year</b>	<b>2,086,725</b>	<b>2,117,344</b>	<b>1,712,350</b>
<b>Net Assets, End of Year</b>	<b>\$2,117,344</b>	<b>\$1,712,350</b>	<b>\$1,546,641</b>

**Governmental Activities**

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for the School District operations. Property taxes made up 20.0 percent of receipts during fiscal year 2009 and 23.6 percent during fiscal year 2008. Property taxes have decreased due to the reduction of assessment rates of tangible personal property; in addition to the tax rate levy decrease for bonded debt. Grants and entitlements not restricted, the School District's largest source of receipts, consists largely of state foundation monies, in addition to the School District being reimbursed for the personal property loss by the State.

Operating grants and contributions increased during fiscal year 2009 due to monies received from the insurance company for an arbitration case, while respective legal expenses increased Administration disbursements.

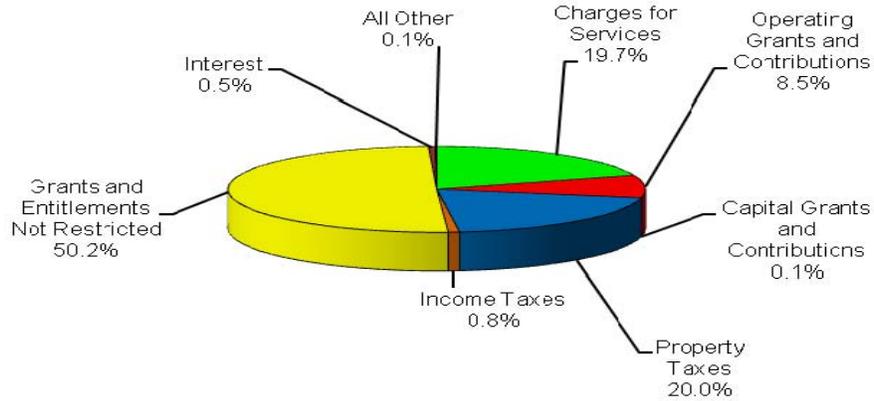
**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008  
UNAUDITED  
(Continued)**

Other revenue has experienced a decrease because of a decrease in interest revenue, due to a decline in interest rates. Fiscal year 2009 disbursements decreased slightly, \$28,953 from fiscal year 2008. While fiscal year 2008 disbursements increased \$332,021 from fiscal year 2007, representing a 6.6 percent increase. Transportation disbursements increased during fiscal year 2008 primarily due to the purchase of a bus and higher fuel costs.

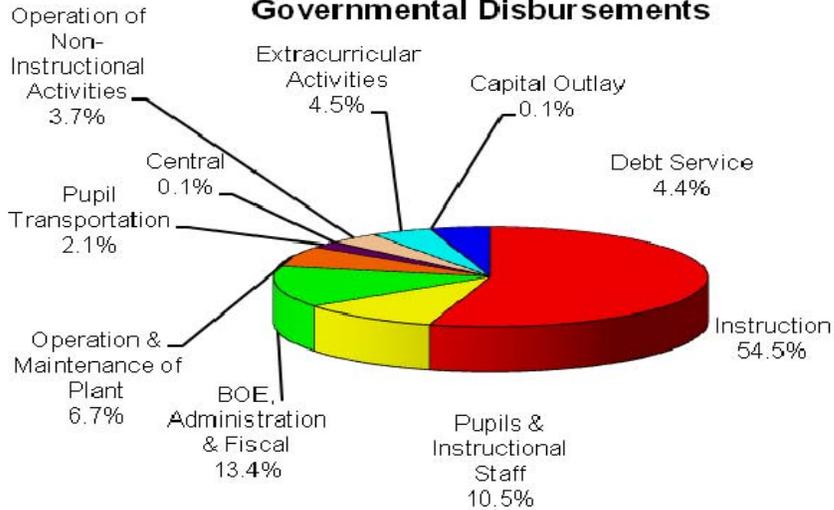
**Fiscal Year 2009**

**Governmental Receipts**



Instruction comprises 54.5% of the School District's disbursements. Support services make up 32.8% of disbursements.

**Governmental Disbursements**

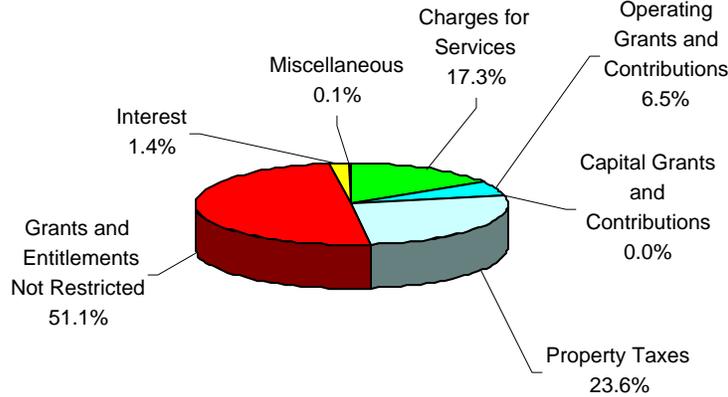


**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008  
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(Continued)**

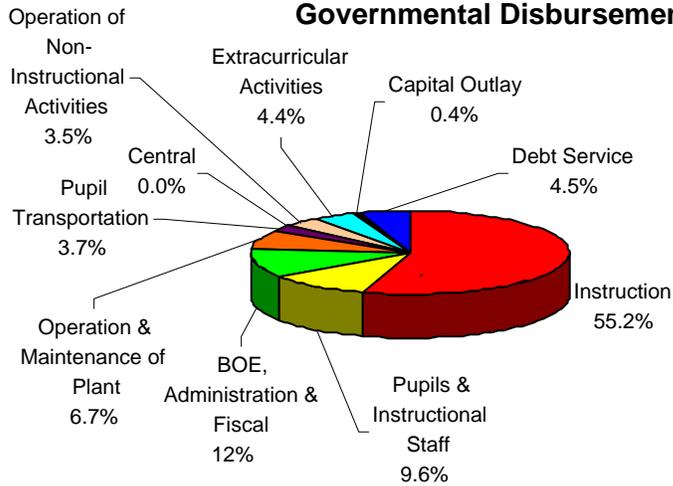
**Fiscal Year 2008**

**Governmental Receipts**



Instruction comprises 55.2% of the School District's disbursements. Support services make up 32% of disbursements.

**Governmental Disbursements**



If you look at the Statement of Activities (pages 14 & 21) you will see that the first column lists the major services provided by the School District. The next column identifies the costs of providing these services. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the School District that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the statement.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008  
UNAUDITED  
(Continued)**

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

**(Table 3)  
Governmental Activities**

	<b>Total Cost Of Services 2008</b>	<b>Net Cost of Services 2008</b>	<b>Total Cost Of Services 2009</b>	<b>Net Cost of Services 2009</b>
Instruction	\$2,923,929	(\$2,117,772)	\$2,871,603	(\$1,978,537)
<b>Support Services:</b>				
Pupils and Instructional Staff	509,021	(431,172)	552,163	(456,734)
Board of Education, Administration & Fiscal	634,376	(634,376)	703,604	(578,898)
Operation and Maintenance of Plant	354,136	(354,136)	351,489	(338,262)
Pupil Transportation	194,020	(172,311)	108,247	(76,504)
Central	5,527	(527)	7,136	(2,136)
Operation of Non-Instructional Services	183,377	(1,424)	194,611	11,715
Extracurricular Activities	237,490	(158,743)	239,280	(165,277)
Capital Outlay	19,077	(17,825)	7,307	(6,789)
Debt Service	236,443	(236,443)	233,003	(233,003)
<b>Total Disbursements</b>	<b>\$5,297,396</b>	<b>(\$4,124,729)</b>	<b>\$5,268,443</b>	<b>(\$3,824,425)</b>

**(Table 3)  
Governmental Activities**

	<b>Total Cost Of Services 2007</b>	<b>Net Cost of Services 2007</b>	<b>Total Cost Of Services 2008</b>	<b>Net Cost of Services 2008</b>
Instruction	\$2,723,207	(\$1,995,006)	\$2,923,929	(\$2,117,772)
<b>Support Services:</b>				
Pupils and Instructional Staff	522,292	(441,757)	509,021	(431,172)
Board of Education, Administration & Fiscal	563,796	(563,796)	634,376	(634,376)
Operation and Maintenance of Plant	359,669	(355,169)	354,136	(354,136)
Pupil Transportation	103,827	(81,309)	194,020	(172,311)
Central	9,553	(4,553)	5,527	(527)
Operation of Non-Instructional Services	186,839	(14,223)	183,377	(1,424)
Extracurricular Activities	204,725	(142,900)	237,490	(158,743)
Capital Outlay	46,732	(46,732)	19,077	(17,825)
Debt Service	244,735	(244,735)	236,443	(236,443)
<b>Total Disbursements</b>	<b>\$4,965,375</b>	<b>(\$3,890,180)</b>	<b>\$5,297,396</b>	<b>(\$4,124,729)</b>

The dependence upon property tax receipts and grants and entitlements not restricted to specific programs is apparent as 72.6 percent of governmental activities were supported through these general receipts for fiscal year 2009 and 77.9 percent for fiscal year 2008.

**The School District's Funds**

During fiscal year 2009, total governmental funds had receipts of \$4,968,772 and disbursements of \$5,268,443. The General Fund and the Bond Retirement Fund contributed to the decrease in fund balances. The increase in payroll and health insurance expenditures attributed to the General Fund balance decrease. The decrease in tax collections attributed to the Debt Service Fund balance decrease.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008  
UNAUDITED  
(Continued)**

During fiscal year 2008, total governmental funds had receipts of \$4,885,396 and disbursements of \$5,297,396. The General Fund, the Bond Retirement Fund, and the Other Governmental Funds contributed to the decrease in fund balances. The increase in payroll and health insurance expenditures, increase in fuel costs and payment for audit costs attributed to the General Fund balance decrease. The decrease in tax collections attributed to the Debt Service Fund balance decrease. The purchase of a bus attributed to the Other Governmental Fund balance decrease.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2009, the School District amended its General Fund budget to reflect changing circumstances. During fiscal year 2009, the passage and collection of an income tax allowed for an increase in estimated receipts. In addition, insurance recoveries for the arbitration case increased estimated receipts \$100,000. The School District closely monitored expenditures; enabling the School District to spend \$401,023 less than what was appropriated.

During the course of fiscal year 2008, the School District amended its General Fund budget to reflect changing circumstances: however, total receipts and total appropriations never changed, only the allocation of those estimates changed slightly. The School District closely monitored expenditures; enabling the School District to spend \$564,402 less than what was appropriated.

The Administration and Board of Education have made additional dollars available in many categories in order to facilitate the needs of the School District as they arise. With the School District's tight internal controls, additional monies are appropriated in order to allow those individuals in charge to be creative in their educational needs. The School District has a basic belief that it should be prepared to operate in the best manner to meet the needs of those who are being educated. In order to do so, appropriations are made in excess of minimum required funds to allow for variances in individual programs that are beneficial to the student body, yet economically sound. The School District has historically held conservative ways of spending dollars so that needs can be met with the interest of the taxpayer in mind.

**Capital Assets And Debt Administration**

**Capital Assets** - The School District did not report capital assets or infrastructure on the cash basis of accounting.

**Debt** - The School District's outstanding debt included general obligation bonds issued for improvements to buildings and structures. The amount of debt outstanding was \$445,000 at June 30, 2009 and \$640,000 at June 30, 2008.

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

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008  
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(Continued)**

**Current Issues**

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

The School District has closely monitored its operating expenditures. In the past few years, several teachers with 30 to 35 years of teaching experience have retired and have been replaced with less experienced personnel in an effort to reduce salary expenses. Since payroll, retirement and benefits are the majority of all school expenses, this savings has been critical.

On November 4, 2008, the School District voters approved a 1.25 percent income tax beginning January 1, 2009. The collection of this tax will help the School District's financial situation. Prior to the passage of the income tax, the School District's last operating levy has been more than 25 years ago.

In addition, the School District voters approved a replacement levy for permanent improvements on May 5, 2009. This levy is for 5 years.

As student enrollment continues to decrease, the School District closely monitors State foundation dollars, as this revenue is tied to enrollment and this funding method from the State has been declared unconstitutional.

Also, with HB 66 legislation, the School District's valuation will decrease due to the phase out of taxes on tangible personal property. The tax is phased out by reducing the assessment rate on the property each year. In the first five years, school districts according to the House Bill are to be fully reimbursed for the lost revenue. However, in the following seven years, the reimbursement will be phased out.

The continued challenge for all School Districts is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding.

**Contacting The School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Joanna (Jody) Jones, Treasurer at 208 North Sycamore Street, Post Office Box 550, Botkins, Ohio 45306.

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**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
JUNE 30, 2009**

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$1,546,641</u></u>
<b>Net Assets:</b>	
<b>Restricted for:</b>	
Capital Outlay	\$72,424
Debt Service	604,900
Other Purposes	134,041
Set-Asides	69,817
Bus Purchases	4,033
Unrestricted	<u>661,426</u>
Total Net Assets	<u><u>\$1,546,641</u></u>

*See accompanying notes to the basic financial statements.*

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<b>Program Cash Receipts</b>			<b>Net (Disbursements) Receipts and Changes in Net Assets</b>	
<b>Cash Disbursements</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Total Governmental Activities</b>	
<b>Governmental Activities:</b>					
<b>Instruction:</b>					
Regular	\$2,191,449	\$704,028	\$40,046	(\$1,447,375)	
Special	492,568		125,559	(367,009)	
Vocational	154,445		23,433	(131,012)	
Student Intervention Services	13,952			(13,952)	
Other	19,189			(19,189)	
<b>Support Services:</b>					
Pupil	258,317	37,582	23,747	(196,988)	
Instructional Staff	293,846		34,100	(259,746)	
Board of Education	15,609		124,612	109,003	
Administration	534,417			(534,417)	
Fiscal	153,578	94		(153,484)	
Operation and Maintenance of Plant	351,489	11,216	2,011	(338,262)	
Pupil Transportation	108,247	25,432	2,278	(76,504)	
Central	7,136		5,000	(2,136)	
Operation of Non-Instructional Services	194,611	154,651	51,675	11,715	
Extracurricular Activities	239,280	74,003		(165,277)	
Capital Outlay	7,307		518	(6,789)	
Principal Retirement	195,000			(195,000)	
Interest and Fiscal Charges	38,003			(38,003)	
<b>Total Governmental Activities</b>	<b>\$5,268,443</b>	<b>\$1,007,006</b>	<b>\$432,979</b>	<b>\$4,033</b>	<b>(3,824,425)</b>
<b>General Receipts:</b>					
<b>Property Taxes Levied for:</b>					
				889,598	
				79,644	
				31,600	
				19,438	
				43,029	
				2,563,690	
				2,724	
				25,478	
				3,515	
				<b>3,658,716</b>	
				(165,709)	
				<b>1,712,350</b>	
				<b>\$1,546,641</b>	

See accompanying notes to the basic financial statements.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$647,710	\$604,900	\$220,181	\$1,472,791
<b>Restricted Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	73,850			73,850
Total Assets	<u>721,560</u>	<u>604,900</u>	<u>220,181</u>	<u>1,546,641</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	49,939		29,388	79,327
Reserved for Bus Purchases	4,033			4,033
Reserved for Textbooks and Instructional Materials	69,817			69,817
Designated for Severance Benefits			13,716	13,716
<b>Unreserved, Undesignated, Reported in:</b>				
General Fund	597,771			597,771
Special Revenue Funds			106,462	106,462
Debt Service Fund		604,900		604,900
Capital Projects Fund			70,615	70,615
Total Fund Balances	<u>\$721,560</u>	<u>\$604,900</u>	<u>\$220,181</u>	<u>\$1,546,641</u>

*See accompanying notes to the basic financial statements.*

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>				
Property Taxes	\$889,598	\$31,600	\$99,082	\$1,020,280
Income Taxes	43,029			43,029
Intergovernmental	2,539,856	26,845	273,516	2,840,217
Interest	25,478		79	25,557
Tuition and Fees	704,028			704,028
Rentals	24,772		2,420	27,192
Extracurricular Activities			110,496	110,496
Contributions and Donations	2,724		37,297	40,021
Charges for Services			154,651	154,651
Miscellaneous	2,048		1,253	3,301
Total Receipts	<u>4,231,533</u>	<u>58,445</u>	<u>678,794</u>	<u>4,968,772</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	2,143,386		48,063	2,191,449
Special	367,551		125,017	492,568
Vocational	150,445		4,000	154,445
Student Intervention Services	13,952			13,952
Other	19,189			19,189
<b>Support Services:</b>				
Pupil	142,324		115,993	258,317
Instructional Staff	232,137		61,709	293,846
Board of Education	15,609			15,609
Administration	534,417			534,417
Fiscal	149,835	1,160	2,583	153,578
Operation and Maintenance of Plant	335,060		16,429	351,489
Pupil Transportation	99,871		8,376	108,247
Central	2,136		5,000	7,136
Operation of Non-Instructional Services			194,611	194,611
Extracurricular Activities	167,916		71,364	239,280
Capital Outlay			7,307	7,307
<b>Debt Service:</b>				
Principal Retirement		195,000		195,000
Interest and Fiscal Charges		38,003		38,003
Total Disbursements	<u>4,373,828</u>	<u>234,163</u>	<u>660,452</u>	<u>5,268,443</u>
Excess of Receipts Over (Under) Disbursements	<u>(142,295)</u>	<u>(175,718)</u>	<u>18,342</u>	<u>(299,671)</u>
<b>Other Financing Sources (Uses):</b>				
Sale of Fixed Assets	3,500			3,500
Refund of Prior Year Expenditures	1,561			1,561
Insurance Recoveries	127,040		1,861	128,901
Transfers In			15,000	15,000
Transfers Out	(15,000)			(15,000)
Total Other Financing Sources (Uses)	<u>117,101</u>		<u>16,861</u>	<u>133,962</u>
Net Change in Fund Balances	(25,194)	(175,718)	35,203	(165,709)
Fund Balances Beginning of Year	<u>746,754</u>	<u>780,618</u>	<u>184,978</u>	<u>1,712,350</u>
Fund Balances End of Year	<u>\$721,560</u>	<u>\$604,900</u>	<u>\$220,181</u>	<u>\$1,546,641</u>

See accompanying notes to the basic financial statements.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
<b>Receipts:</b>				
Property Taxes	\$850,684	\$850,684	\$889,598	\$38,914
Income Taxes		45,000	43,029	(1,971)
Intergovernmental	2,482,542	2,482,542	2,539,856	57,314
Interest	40,000	40,000	25,478	(14,522)
Tuition and Fees	563,100	563,100	704,028	140,928
Rentals	18,000	18,000	24,772	6,772
Contributions and Donations	500	500	2,724	2,224
Miscellaneous	1,500	101,500	129,088	27,588
Total Receipts	<u>3,956,326</u>	<u>4,101,326</u>	<u>4,358,573</u>	<u>257,247</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	2,297,118	2,297,118	2,147,651	149,467
Special	375,635	390,635	367,551	23,084
Vocational	177,350	177,350	150,470	26,880
Student Intervention Services	29,125	29,125	13,952	15,173
Other	22,560	22,560	19,189	3,371
<b>Support Services:</b>				
Pupil	151,764	151,764	142,357	9,407
Instructional Staff	258,290	258,290	233,302	24,988
Board of Education	12,200	17,200	15,609	1,591
Administration	489,835	614,835	564,967	49,868
Fiscal	160,600	175,600	165,110	10,490
Operation and Maintenance of Plant	370,413	370,413	336,976	33,437
Pupil Transportation	126,780	126,780	100,871	25,909
Central	3,110	3,110	2,136	974
Extracurricular Activities	194,300	194,300	167,916	26,384
Total Disbursements	<u>4,669,080</u>	<u>4,829,080</u>	<u>4,428,057</u>	<u>401,023</u>
Excess of Receipts Over (Under) Disbursements	<u>(712,754)</u>	<u>(727,754)</u>	<u>(69,484)</u>	<u>658,270</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Fixed Assets	3,500	3,500	3,500	
Refund of Prior Year Expenditures	500	500	1,561	1,061
Transfers Out	(30,000)	(15,000)	(15,000)	
Total Other Financing Sources (Uses)	<u>(26,000)</u>	<u>(11,000)</u>	<u>(9,939)</u>	<u>1,061</u>
Net Change in Fund Balance	(738,754)	(738,754)	(79,423)	659,331
Fund Balance Beginning of Year	743,558	743,558	743,558	
Prior Year Encumbrances Appropriated	<u>3,196</u>	<u>3,196</u>	<u>3,196</u>	
Fund Balance End of Year	<u>\$8,000</u>	<u>\$8,000</u>	<u>\$667,331</u>	<u>\$659,331</u>

See accompanying notes to the basic financial statements.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUNDS  
JUNE 30, 2009**

	<b>Private Purpose Trust</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$58,413	\$63,481
<b>Net Assets:</b>		
Held for Students		63,481
<b>Held in Trust for Scholarships:</b>		
Expendable	6,705	
Non-expendable	51,708	
Total Net Assets	\$58,413	\$63,481

*See accompanying notes to the basic financial statements.*

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Private Purpose Trust</u>
<b>Additions:</b>	
Interest	\$1,834
<b>Deductions:</b>	
Scholarships	<u>600</u>
Change in Net Assets	1,234
Net Assets - Beginning of Year	<u>57,179</u>
Net Assets - End of Year	<u><u>\$58,413</u></u>

*See accompanying notes to the basic financial statements.*

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
JUNE 30, 2008**

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,712,350
Total Assets	<u>1,712,350</u>
<b>Net Assets:</b>	
<b>Restricted for:</b>	
Capital Outlay	42,145
Debt Service	780,618
Other Purposes	115,414
Set-Asides	33,355
Unrestricted	740,818
Total Net Assets	<u>1,712,350</u>

*See accompanying notes to the basic financial statements.*



**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$713,399	\$780,618	\$184,978	\$1,678,995
<b>Restricted Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	33,355			33,355
Total Assets	<u>746,754</u>	<u>780,618</u>	<u>184,978</u>	<u>1,712,350</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	3,196		15,872	19,068
Reserved for Textbooks and Instructional Materials	33,355			33,355
Designated for Severance Benefits			27,419	27,419
<b>Unreserved, Undesignated, Reported in:</b>				
General Fund	710,203			710,203
Special Revenue Funds			110,802	110,802
Debt Service Fund		780,618		780,618
Capital Projects Fund			30,885	30,885
Total Fund Balances	<u>\$746,754</u>	<u>\$780,618</u>	<u>\$184,978</u>	<u>\$1,712,350</u>

*See accompanying notes to the basic financial statements.*

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>				
Property Taxes	\$914,256	\$132,026	\$104,225	\$1,150,507
Intergovernmental	2,461,834	36,030	276,106	2,773,970
Interest	65,891		376	66,267
Tuition and Fees	579,085			579,085
Extracurricular Activities			133,101	133,101
Charges for Services			136,219	136,219
Miscellaneous	23,747		22,500	46,247
Total Receipts	<u>4,044,813</u>	<u>168,056</u>	<u>672,527</u>	<u>4,885,396</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	2,184,114		74,865	2,258,979
Special	331,776		143,824	475,600
Vocational	146,381		4,500	150,881
Other	38,469			38,469
<b>Support Services:</b>				
Pupil	158,784		75,167	233,951
Instructional Staff	235,614		39,456	275,070
Board of Education	12,464			12,464
Administration	408,336		17,989	426,325
Fiscal	176,235	3,512	15,840	195,587
Operation and Maintenance of Plant	341,454		12,682	354,136
Pupil Transportation	131,808		62,212	194,020
Central	2,527		3,000	5,527
Operation of Non-Instructional Services			183,377	183,377
Extracurricular Activities	163,230		74,260	237,490
Capital Outlay			19,077	19,077
<b>Debt Service:</b>				
Principal Retirement		185,000		185,000
Interest and Fiscal Charges		51,443		51,443
Total Disbursements	<u>4,331,192</u>	<u>239,955</u>	<u>726,249</u>	<u>5,297,396</u>
Excess of Receipts Over (Under) Disbursements	<u>(286,379)</u>	<u>(71,899)</u>	<u>(53,722)</u>	<u>(412,000)</u>
<b>Other Financing Sources (Uses):</b>				
Sale of Fixed Assets	1,624			1,624
Refund of Prior Year Expenditures	5,221		161	5,382
Transfer In			16,141	16,141
Transfer Out			(16,141)	(16,141)
Total Other Financing Sources (Uses)	<u>6,845</u>		<u>161</u>	<u>7,006</u>
Net Change in Fund Balances	(279,534)	(71,899)	(53,561)	(404,994)
Fund Balances Beginning of Year	<u>1,026,288</u>	<u>852,517</u>	<u>238,539</u>	<u>2,117,344</u>
Fund Balances End of Year	<u>\$746,754</u>	<u>\$780,618</u>	<u>\$184,978</u>	<u>\$1,712,350</u>

See accompanying notes to the basic financial statements.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>Final Budget Positive (Negative)</u>
<b>Receipts:</b>				
Property Taxes	\$862,801	\$862,801	\$914,256	\$51,455
Intergovernmental	2,448,059	2,448,059	2,461,834	13,775
Interest	99,000	99,000	65,891	(33,109)
Tuition and Fees	449,000	449,000	579,085	130,085
Miscellaneous	12,040	12,040	23,747	11,707
<b>Total Receipts</b>	<u>3,870,900</u>	<u>3,870,900</u>	<u>4,044,813</u>	<u>173,913</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	2,302,698	2,342,698	2,184,769	157,929
Special	366,300	366,300	331,776	34,524
Vocational	159,900	159,900	146,606	13,294
Other	47,000	47,000	39,029	7,971
<b>Support Services:</b>				
Pupil	172,930	174,930	158,818	16,112
Instructional Staff	264,600	264,600	235,614	28,986
Board of Education	14,100	14,100	12,464	1,636
Administration	623,415	567,415	408,371	159,044
Fiscal	199,314	199,314	176,235	23,079
Operation and Maintenance of Plant	384,156	384,156	343,001	41,155
Pupil Transportation	169,740	183,740	131,838	51,902
Central	3,035	3,035	2,637	398
Operation of Non-Instructional Services	500	500		500
Extracurricular Activities	186,100	186,100	163,230	22,870
Capital Outlay	5,000	5,000		5,000
<b>Total Disbursements</b>	<u>4,898,788</u>	<u>4,898,788</u>	<u>4,334,388</u>	<u>564,400</u>
Excess of Receipts Over (Under) Disbursements	<u>(1,027,888)</u>	<u>(1,027,888)</u>	<u>(289,575)</u>	<u>738,313</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Fixed Assets	1,000	1,000	1,624	624
Refund of Prior Year Expenditures	600	600	5,221	4,621
Advances In				
<b>Total Other Financing Sources (Uses)</b>	<u>1,600</u>	<u>1,600</u>	<u>6,845</u>	<u>5,245</u>
Net Change in Fund Balance	(1,026,288)	(1,026,288)	(282,730)	743,558
Fund Balance Beginning of Year	1,017,762	1,017,762	1,017,762	
Prior Year Encumbrances Appropriated	8,526	8,526	8,526	
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$743,558</u>	<u>\$743,558</u>

See accompanying notes to the basic financial statements.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUNDS  
JUNE 30, 2008**

	<b>Private Purpose Trust</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$57,179	\$66,697
Total Assets	57,179	66,697
<b>Net Assets:</b>		
Held for Students		66,697
<b>Held in Trust for Scholarships:</b>		
Expendable	5,471	
Non-expendable	51,708	
Total Net Assets	\$57,179	\$66,697

*See accompanying notes to the basic financial statements.*

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Private Purpose Trust</u>
<b>Additions:</b>	
Interest	<u>\$1,278</u>
<b>Deductions:</b>	
Scholarships	<u>700</u>
Total Deductions	<u>700</u>
Change in Net Assets	578
Net Assets - Beginning of Year	<u>56,601</u>
Net Assets - End of Year	<u><u>\$57,179</u></u>

*See accompanying notes to the basic financial statements.*

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2008**

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

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

The School District is located in Shelby County. The Board of Education controls the School District's instructional/support building which was staffed by 23 classified employees and 42 certificated full-time personnel who provide services to 527 students and other community members.

**Reporting Entity**

**A. Primary Government**

The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Botkins Local School District, this includes general operations, food service, and student related activities of the School District.

**B. Component Units**

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

The School District participates in three jointly governed organizations and three insurance purchasing pools. Note 13 to the basic financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

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

Insurance Purchasing Pools:

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

The School District's management believes these financial statements present all activities for which the School District is financially accountable.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

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

**1. Government-Wide Financial Statements**

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

The statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year-end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible.

Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

**2. Fund Financial Statements**

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

**B. Fund Accounting**

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

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2008  
(Continued)**

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

**1. Governmental Funds**

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following are the School District's major governmental funds:

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

**Bond Retirement Fund** - The Bond Retirement Fund accounts for the accumulation of resources received from property taxes for the payment of school improvement general obligation bond principal, interest and related costs.

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

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

**C. Basis of Accounting**

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the School District are described in the appropriate section in this note.

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

**D. Budgetary Process**

Ohio law requires all funds, other than agency funds, to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which use the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate.

**BOTKINS LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2008  
(Continued)**

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

The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The Board of Education uses the fund, function level within each fund for the general fund, the bond retirement debt service fund, classroom facilities special revenue fund and the permanent improvement capital projects fund and the fund level for all other funds as its legal level of control.

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

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

**E. Cash and Investments**

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

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

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

The School District had invested in repurchase agreements, non-negotiable certificates of deposit, which are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2009 was \$25,478, which included \$14,415 assigned from other School District funds. While interest receipts credited to the General Fund during fiscal year 2008 was \$65,891, which included \$35,904 assigned from other School District funds

**F. Restricted Assets**

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

**BOTKINS LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2008  
(Continued)**

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

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**I. Interfund Receivables/Payables**

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

**J. Accumulated Leave**

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

**K. Employer Contributions to Cost-Sharing Pension Plans**

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

**L. Long-Term Obligations**

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

**M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to cash disbursement for specified purposes.

The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

**N. Fund Balance Reserves and Designations**

The School District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, bus purchases, and textbooks and instructional materials.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2008  
(Continued)**

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

A designation of fund balance represents a self-imposed limitation on the use of available expendable resources by the Board of Education. The designation of severance benefits represents monies set aside by the Board for the future payment of those benefits.

**O. Interfund Transactions**

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

**3. DEPOSITS AND INVESTMENTS**

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

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

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

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

Interim 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 securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

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

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.

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

At June 30, 2009, the School District had \$15,641 with the Community Foundation of Shelby County. The Foundation administers the Botkins Student Memorial Scholarship Fund. Further information on the coverage of these deposits can be obtained from Marian Spicer, Executive Director, 100 South Main Avenue, Suite 202, Sidney, Ohio 45365-2771.

**A. Deposits**

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

On June 30, 2009, the carrying amount of the School District's deposits was \$1,668,535. Cash balances per the bank were \$1,733,517. \$400,000 of the School District's deposits was insured by Federal depository insurance. Based on the criteria described in GASB Statement No. 40, "*Deposits and Investment Risk Disclosures*", as of June 30, 2009, \$1,333,517 of the School District's bank balance of \$1,733,517 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

On June 30, 2008, the carrying amount of the School District's deposits was \$1,836,226. Cash balances per the bank were \$1,911,538. \$200,000 of the School District's deposits was insured by Federal depository insurance. Based on the criteria described in GASB Statement No. 40, "*Deposits and Investment Risk Disclosures*", as of June 30, 2008, \$1,711,538 of the School District's bank balance of \$1,911,538 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

**B. Investments**

The School District did not have any investments at June 30, 2009 or June 30, 2008.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2008  
(Continued)**

**4. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal year runs from July through June. First-half tax distributions are received by the School District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year. Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax receipts received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in calendar year 2008 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied on October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Shelby and Auglaize Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2009 taxes were collected are:

	<b>2008 Second- Half Collections</b>		<b>2009 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/ Residential and Other Real Estate	\$40,838,630	88.85 %	\$44,484,330	94.55 %
Public Utility Personal	2,634,770	5.73	2,513,920	5.34
Tangible Personal Property	2,492,630	5.42	52,370	.11
<b>Total</b>	<b>\$45,966,030</b>	<b>100.00 %</b>	<b>\$47,050,620</b>	<b>100.00 %</b>
Tax rate per \$1,000 of assessed valuation	<b>\$28.15</b>		<b>\$27.65</b>	

**BOTKINS LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**4. PROPERTY TAXES (Continued)**

The assessed values upon which the fiscal year 2008 taxes were collected are:

	<b>2007 First- Half Collections</b>		<b>2008 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/ Residential and Other Real Estate	\$40,070,300	85.25 %	\$40,838,630	88.85 %
Public Utility Personal	3,032,350	6.45	2,634,770	5.73
Tangible Personal Property	3,899,611	8.30	2,492,630	5.42
<b>Total</b>	<b>\$47,002,261</b>	<b>100.00 %</b>	<b>\$45,966,030</b>	<b>100.00 %</b>
Tax rate per \$1,000 of assessed valuation	\$32.05		\$28.15	

**5. INCOME TAXES**

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

**6. RISK MANAGEMENT**

**A. Property and Liability**

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

Building and Contents (\$1,000 deductible)	\$15,133,702
Crime Insurance (\$1,000 deductible)	500,000
Automobile Liability (\$1,000 deductible)	
Per Occurrence	1,000,000
Aggregate Limit	3,000,000
Uninsured/Underinsured Motorists (\$500 deductible)	
Per Occurrence	1,000,000
Aggregate Limit	3,000,000
General Liability	
Per Occurrence	1,000,000
Aggregate Limit	3,000,000
Educational General Liability	
Per Occurrence	1,000,000
Aggregate Limit	3,000,000
Employee Benefits Liability (\$1,000 deductible)	
Per Offense	1,000,000
Aggregate Limit	3,000,000

**BOTKINS LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**6. RISK MANAGEMENT**

Employer's Liability and Stop Gap	
Per Occurrence	1,000,000
Disease – Each Employee	
Aggregate Limit	1,000,000
Per Employee	1,000,000
School Board Legal Liability (\$5,000 deductible)	
General Excess Liability	
Per Occurrence	1,000,000
Aggregate Limit	5,000,000

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

**B. Workers' Compensation**

For fiscal year 2009, the School District participated in the Ohio School Board Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 13). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." 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 provided administrative, cost control and actuarial services to the GRP. Effective August 31, 2009, Comp Management, Inc. will provide the administrative, cost control and actuarial services to the GRP.

**C. Employee Medical Benefits**

For fiscal year 2009, the School District participated in the Shelby County Schools Consortium, an insurance purchasing pool (Note 13). The intent of the Consortium is to achieve the benefit of reduced health insurance premiums for the School District by virtue of its grouping and representation with other participants in the Consortium.

**7. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

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

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rating among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund and Health Care Fund) of the System. For fiscal year 2009, the allocation to pension and death benefits is 9.09 percent of annual covered salary. The remaining 4.91 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds.

The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$48,547, \$44,442, and \$56,617, respectively; 42.29 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**B. State Teachers Retirement System**

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**Funding Policy** - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

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

Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$308,303, \$305,382, and \$294,238, respectively; 79 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$4,655 made by the School District and \$8,493 made by the plan members. Contributions to the DC and Combined Plans for fiscal year 2008 were \$4,871 made by the School District and \$8,612 made by the plan members.

**8. POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

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

**Medicare Part B Plan** – The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999, Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40, SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$4,005, \$3,202, and \$3,499 respectively; 42.29 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**Health Care Plan** – ORC 3309.375 and 2209.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

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

**BOTKINS LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**8. POSTEMPLOYMENT BENEFITS (Continued)**

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2009, the health care allocation is 4.16 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned.

Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS covered payroll for health care surcharge. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. For fiscal year 2009, the surcharge amount was \$7,798.

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$32,553, \$30,868, and \$27,528 respectively; 28.86 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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

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

**B. State Teachers Retirement System of Ohio**

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

**Funding Policy** – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund.

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$23,716, \$23,491 and \$22,634, respectively; 79.00 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2008  
(Continued)**

**9. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

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

**B. Insurance Benefits**

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

**C. Deferred Compensation**

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

**10. LONG-TERM DEBT**

The changes in the School District's long-term obligations during fiscal year 2009 consist of the following:

	<u>Amount Outstanding 6/30/2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amount Outstanding 6/30/2009</u>	<u>Amount Due in One Year</u>
<b>Governmental Activities:</b>					
School Improvement Bond 1990 5.8-7.2%	\$340,000	\$0	(\$165,000)	\$175,000	\$175,000
Building Assistance Bond 1995 5.1-6.85%	<u>300,000</u>	<u>0</u>	<u>(30,000)</u>	<u>270,000</u>	<u>30,000</u>
Total Governmental Activities Long-Term Liabilities	<u>\$640,000</u>	<u>\$0</u>	<u>(\$195,000)</u>	<u>\$445,000</u>	<u>\$205,000</u>

The changes in the School District's long-term obligations during fiscal year 2008 consist of the following:

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2008  
(Continued)**

**10. LONG-TERM DEBT (Continued)**

	<u>Amount Outstanding 6/30/2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amount Outstanding 6/30/2008</u>	<u>Amount Due in One Year</u>
<b>Governmental Activities:</b>					
School Improvement Bond 1990 5.8-7.2%	\$495,000	\$0	(\$155,000)	\$340,000	\$165,000
Building Assistance Bond 1995 5.1-6.85%	<u>330,000</u>	<u>0</u>	<u>(30,000)</u>	<u>300,000</u>	<u>30,000</u>
Total Governmental Activities Long-Term Liabilities	<u>\$825,000</u>	<u>\$0</u>	<u>(\$185,000)</u>	<u>\$640,000</u>	<u>\$195,000</u>

School Improvement Bonds – Series A and B – On March 1, 1990, the School District issued \$2,500,000 in voted general obligation bonds for the purpose of additions and improvements to the school building. The bond was issued for a twenty year period with final maturity in December 2010. The bonds will be retired from the Bond Retirement Debt Service Fund.

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

At June 30, 2009, the School District's overall legal debt margin was \$4,234,556 with an un-voted debt margin of \$47,051. While at June 30, 2008, the School District's overall legal debt margin was \$4,136,943 with an unvoted debt margin of \$45,996.

Principal and interest requirements to retire long-term liabilities outstanding at June 30, 2009, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$205,000	\$23,768	\$228,768
2011	30,000	15,412	45,412
2012	30,000	13,358	43,358
2013	30,000	11,302	41,302
2014	30,000	9,248	39,248
2015-2018	<u>120,000</u>	<u>16,440</u>	<u>136,440</u>
	<u>\$445,000</u>	<u>\$89,528</u>	<u>\$534,528</u>

**11. INTERFUND TRANSACTIONS**

During fiscal year 2009, the General Fund transferred \$15,000 to the Severance Fund, which is shown with other governmental funds. The transfer was to fund future severance payments.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2008  
(Continued)**

**12. SIGNIFICANT CONTRACTUAL COMMITMENTS**

As of June 30, 2009, the School District had contractual purchase commitments as follows:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Expended</u>	<u>Remaining Balance</u>
Ron Harrelson - Arbitrator fees	\$25,000	\$0	\$25,000
David Williams & Associates - Custom play structure	16,067	0	16,067
Treasurer of State of Ohio - Audit costs	14,575	0	14,575
	<u>\$55,642</u>	<u>\$0</u>	<u>\$55,642</u>

**13. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS**

**A. Jointly Governed Organizations**

**Western Ohio Computer Organization** - The School District is a participant in the Western Ohio Computer Organization (WOCO) which is a computer consortium. The Western Ohio Computer Organization is one of the 23 Information Technology Center's (ITC) in the state of Ohio, which were formed in the late 70's, early 80's. These "ITC's" were originally charged to provide computer services to the member school district's fiscal offices, forming what is known today as the OECN, The Ohio Educational Computer Network. WOCO began its operations in 1980 providing computer services to 29 members school districts located in the five county area of Shelby, Auglaize, Hardin, Logan and Champaign. Today WOCO provides technical services to 34 public school districts, 5 public charter schools and 4 non-public districts. The governing board of WOCO consists of fourteen members who consist of the Superintendent of the Fiscal Agent, two Superintendents from each county (Auglaize, Champaign, Hardin, Logan and Shelby), one representative from the city schools and one representative each from the treasurer and student services users. The School District paid WOCO \$36,639 during fiscal year 2009, and \$30,839 during fiscal year 2008, for services provided. Financial information can be obtained from Louis Ivey, who serves as Director, at 129 E. Court Street, Sidney, OH 45365.

**Southwestern Ohio Education Purchasing Council** - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of 126 school districts in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 2009, the School District paid \$21,581 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2008  
(Continued)**

**13. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS  
(Continued)**

**Southwestern Ohio Instructional Technology Association** - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of twenty-three representatives of SOITA member schools or institutions. Twenty-one representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Brown, Butler, Champaign, Clark, Clermont, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area representative. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. The School District paid to SOITA \$6,172 during fiscal year 2009 and \$1,612 during fiscal year 2008. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Larry Pogue, who serves as Executive Director, at 150 East Sixth Street, Franklin, Ohio 45005.

**B. Insurance Purchasing Pools**

**Ohio Association of School Business Officials Workers' Compensation Southwestern Group Rating Plan** - The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (Plan) was established through the Ohio Association of School Business Officials (OASBO) as an insurance purchasing pool. During fiscal year 2009, the School District paid \$548 to OASBO.

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

Each school district pays monthly premiums to the provider, currently Anthem Blue Cross/Blue Shield for dental and health insurance and Medical Life Insurance Company for life insurance. The Consortium is governed by an administrative committee consisting of the superintendent from each participating school district and the educational service center. The degree of control exercised by any participating school district is limited to its representation on the committee. During fiscal year 2009, the School District paid \$228,276 to the Consortium. Financial information can be obtained from Mike Elsass, who serves as consultant to the group, Elsass/Hecker CLU's, 131 N. Ludlow St. Dayton, Ohio 45402.

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

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2008  
(Continued)**

**14. DONOR RESTRICTED ENDOWMENTS**

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

**15. SET-ASIDE CALCULATIONS**

State statute annually requires the School District set aside in the general fund an amount based on a statutory formula to purchase textbooks and other instructional materials and an equal amount to acquire and construct capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

The following cash basis information describes the change in the fiscal year-end set-aside amounts for textbooks and capital acquisition. State statute requires disclosing this information.

<b>Fiscal Year 2009</b>	<b>Textbooks/ Instructional Material</b>	<b>Capital Acquisitions</b>
Set-aside Reserve Balance as of June 30, 2008	\$33,355	
Current Year Set-aside Requirement	85,562	\$85,562
Qualifying Disbursements	(49,100)	
Current Year Offsets		(99,082)
Set-aside Reserve Balances as of June 30, 2009	<u>69,817</u>	<u>(13,520)</u>
Set-aside Balances Carried Forward to Future Fiscal Years	<u>\$69,817</u>	<u>\$ 0</u>
<b>Fiscal Year 2008</b>	<b>Textbooks/ Instructional Material</b>	<b>Capital Acquisitions</b>
Set-aside Reserve Balance as of June 30, 2007	\$20,590	
Current Year Set-aside Requirement	80,661	\$80,661
Qualifying Disbursements	(67,896)	
Current Year Offsets		(104,225)
Set-aside Reserve Balances as of June 30, 2008	<u>33,355</u>	<u>(23,564)</u>
Set-aside Balances Carried Forward to Future Fiscal Years	<u>\$33,355</u>	<u>\$ 0</u>

The School District had offsets and qualifying disbursements during the fiscal year that reduced the capital improvements set-aside amounts below zero. These extra amounts may not be used to reduce the set-aside requirement of future fiscal years. Therefore, the negative amount is not presented as being carried forward to the next fiscal year.

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2008  
(Continued)**

**16. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Change in Fund Balances - Budget and Actual – Budget Basis for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and cash basis that is outstanding year-end encumbrances are treated as cash disbursements (budgetary) rather than as a reservation of fund balance. The encumbrances outstanding at year-end (budgetary basis) for the General Fund were \$54,229 for fiscal year 2009 and \$3,196 for fiscal year 2008.

**17. CONTINGENCIES**

**A. Grants**

The School District receives financial assistance from federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009 or June 30, 2008.

**B. Litigation**

On July 21, 2009, the School District reached a settlement in the arbitration case between an employee and the Botkins Local School District Board of Education. As part of the settlement agreement, the School District has agreed to pay the settlement by July 22, 2009.

**18. SUBSEQUENT EVENT**

On August 12, 2009, the School Board authorized the issuance of a three year note for \$70,000 at an approximate interest rate of 3.51 percent to purchase a bus.

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 governmental activities, each major fund, and the aggregate remaining fund information of Botkins Local School District, Shelby County, (the School District) as of and for the years ended June 30, 2009 and June 30, 2008, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 8, 2009, wherein we noted the School District uses a comprehensive basis of accounting other than generally accepted accounting principles. 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 the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the School District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the School District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the School District's management in a separate letter dated December 8, 2009.

### **Compliance and Other Matters**

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

We intend this report solely for the information and use of the management and Board of Education. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

December 8, 2009

**BOTKINS LOCAL SCHOOL DISTRICT  
SHELBY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	<p><b>Ohio Rev. Code Section 135.14(E) – Pursuant to Section 135.14(C) and OAG Opinion 99-026</b> Investments ranging from 58 to 87 percent of available cash balances were made in repurchase agreements, which were government agency collateralized mortgage obligations which are considered derivatives, pursuant to this section.</p>	Yes – in April 2008	

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on December 12, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - 2) A definition of harassment, intimidation, or bullying that shall include the definition in division (A) of Ohio Rev. Code Section 3313.666;
  - 3) A procedure for reporting prohibited incidents;
  - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
  - 5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

- 6) A procedure for documenting any prohibited incident that is reported;
- 7) A procedure for responding to and investigating any reported incident;
- 8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- 9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- 10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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



**Mary Taylor, CPA**  
Auditor of State

December 8, 2009



**Mary Taylor, CPA**  
Auditor of State

**BOTKINS LOCAL SCHOOL DISTRICT**  
**SHELBY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**JANUARY 12, 2010**