



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO



**Auditor of State
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January 21, 2003

The attached audit was conducted and prepared for release prior to the commencement of my term of office on January 13, 2003. Thus, I am releasing this audit under the signature of my predecessor.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Bryan City School District
Williams County
1350 Fountain Grove Drive
Bryan, Ohio 43506-8733

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Bryan City School District (the District) as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2002, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, it is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized and cursive, with a large loop at the end.

Jim Petro
Auditor of State

December 20, 2002

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**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Combined Balance Sheet
All Fund Types and Account Groups
As of June 30, 2002**

	Governmental Fund Types		
	General	Special Revenue	Debt Service
ASSETS AND OTHER DEBITS			
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$1,627,591	\$255,330	\$1,371,690
Receivables:			
Taxes	9,081,930		370,108
Accounts	20,846		
Intergovernmental		94,255	
Materials and Supplies Inventory			
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	376,809		
Fixed Assets			
Accumulated Depreciation			
Other Debits:			
Amount Available in Debt Service Fund for Retirement of Long-Term Obligations			
Amount to be Provided From General Government Resources			
Total Assets and Other Debits	\$11,107,176	\$349,585	\$1,741,798
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
Liabilities:			
Accounts Payable	\$63,941	\$2,021	
Accrued Wages and Benefits	983,974	42,174	
Compensated Absences Payable	13,262		
Intergovernmental Payable	219,728		
Deferred Revenue	8,773,203	31,768	\$361,875
Due to Students			
General Obligation Bonds Payable			
Total Liabilities	10,054,108	75,963	361,875
Fund Equity and Other Credits:			
Investment in General Fixed Assets			
Retained Earnings:			
Unreserved			
Fund Balances:			
Reserved for Encumbrances	266,422	23,684	
Reserved for Debt Service Principal			1,371,690
Reserved for Property Taxes	308,727		8,233
Reserved Capital Acquisitions	225,493		
Reserved for Budget Stabilization	151,316		
Unreserved, Undesignated	101,110	249,938	
Total Fund Equity and Other Credits	1,053,068	273,622	1,379,923
Total Liabilities, Fund Equity and Other Credits	\$11,107,176	\$349,585	\$1,741,798

The notes to the general-purpose financial statements are an integral part of this statement.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$114,299	\$27,773			\$3,396,683
				9,452,038
14,018				20,846
18,861				108,273
				18,861
				376,809
285,105 (231,930)		\$19,399,621		19,684,726 (231,930)
			\$1,371,690	1,371,690
			2,908,161	2,908,161
\$200,353	\$27,773	\$19,399,621	\$4,279,851	\$37,106,157
\$122				\$66,084
20,797				1,046,945
21,106			\$1,950,287	1,984,655
33,308			79,564	332,600
9,966				9,176,812
	\$27,773			27,773
			2,250,000	2,250,000
85,299	27,773		4,279,851	14,884,869
		\$19,399,621		19,399,621
115,054				115,054
				290,106
				1,371,690
				316,960
				225,493
				151,316
				351,048
115,054		19,399,621		22,221,288
\$200,353	\$27,773	\$19,399,621	\$4,279,851	\$37,106,157

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental and Similar Fiduciary Fund Types
For the Year Ended June 30, 2002**

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
Revenues:		
Intergovernmental	\$6,335,233	\$547,601
Interest	102,889	1,599
Tuition and Fees	15,187	
Rent	9,382	
Extracurricular Activities		284,916
Gifts and Donations		2,772
Property and Other Local Taxes	7,893,049	
Miscellaneous	26,780	
	<hr/>	<hr/>
Total Revenues	14,382,520	836,888
	<hr/>	<hr/>
Expenditures:		
Instruction:		
Regular	7,358,926	83,885
Special	1,403,417	260,879
Vocational	134,891	
Adult/Continuing		25,370
Other	61,559	
Support services:		
Pupils	636,073	86,281
Instructional Staff	703,165	16,890
Board of Education	14,619	
Administration	1,313,232	25,625
Fiscal	337,187	
Business	66,818	
Operation and Maintenance of Plant	1,234,925	2,282
Pupil Transportation	347,451	
Central	30,260	15,585
Non-Instructional Services		687
Extracurricular activities	228,373	244,845
Capital Outlay	33,809	
Debt Service		
Debt Service - Principal		
Debt Service - Interest		
	<hr/>	<hr/>
Total Expenditures	13,904,705	762,329
	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	477,815	74,559
	<hr/>	<hr/>
Fund Balance at Beginning of Year	575,253	199,063
	<hr/>	<hr/>
Fund Balance at End of Year	<u><u>\$1,053,068</u></u>	<u><u>\$273,622</u></u>

The notes to the general-purpose financial statements are an integral part of this statement.

Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$37,153			\$6,919,987
			104,488
			15,187
			9,382
			284,916
			2,772
375,862			8,268,911
			26,780
<hr/>	<hr/>	<hr/>	<hr/>
413,015			15,632,423
			7,442,811
			1,664,296
			134,891
			25,370
			61,559
	\$45,330		767,684
			720,055
			14,619
			1,338,857
10,598			347,785
			66,818
			1,237,207
			347,451
			45,845
			687
		\$96	473,314
			33,809
375,000			375,000
149,605			149,605
<hr/>	<hr/>	<hr/>	<hr/>
535,203	45,330	96	15,247,663
<hr/>	<hr/>	<hr/>	<hr/>
(122,188)	(45,330)	(96)	384,760
<hr/>	<hr/>	<hr/>	<hr/>
1,502,111	45,330	96	2,321,853
<hr/>	<hr/>	<hr/>	<hr/>
\$1,379,923			\$2,706,613

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual Comparison (Non-GAAP Budgetary Basis)
All Governmental and Similar Fiduciary Fund Types
For the Year Ended June 30, 2002**

	General		Variance: Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Intergovernmental	\$5,954,023	\$6,335,233	\$381,210
Interest	200,000	96,300	(103,700)
Tuition and Fees	19,300	17,540	(1,760)
Rent	9,300	8,082	(1,218)
Extracurricular Activities			
Gifts and Donations			
Property and Other Local Taxes	8,408,330	7,944,175	(464,155)
Miscellaneous	35,000	27,198	(7,802)
Total Revenues	14,625,953	14,428,528	(197,425)
Expenditures:			
Current:			
Instruction:			
Regular	7,473,245	7,449,127	24,118
Special	1,394,356	1,390,297	4,059
Vocational	138,773	135,814	2,959
Adult/Continuing			
Other	78,084	61,559	16,525
Support services:			
Pupils	671,721	654,534	17,187
Instructional Staff	702,552	691,954	10,598
Board of Education	15,450	14,596	854
Administration	1,389,323	1,363,614	25,709
Fiscal	344,275	340,024	4,251
Business	68,843	67,067	1,776
Operation and Maintenance of Plant	1,380,918	1,302,743	78,175
Pupil Transportation	373,035	352,526	20,509
Central	31,490	28,225	3,265
Non-Instructional Services			
Extracurricular activities	233,530	227,397	6,133
Capital Outlay	201,359	201,359	
Debt Service			
Debt Service - Principal			
Debt Service - Interest			
Total Expenditures	14,496,954	14,280,836	216,118
Excess of Revenues Over (Under) Expenditures	128,999	147,692	18,693
Other Financing Uses			
Operating Transfers Out	(105,479)		105,479
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	23,520	147,692	124,172
Fund Balances at Beginning of Year	1,348,796	1,348,796	
Prior Year Encumbrances Appropriated	188,824	188,824	
Fund Balance at End of Year	\$1,561,140	\$1,685,312	\$124,172

Special Revenue			Debt Service		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$491,172	\$485,114	(\$6,058)	\$36,900	\$37,153	\$253
3,600	1,599	(2,001)			
262,100	284,916	22,816			
15,000	2,772	(12,228)	389,000	387,081	(1,919)
<u>771,872</u>	<u>774,401</u>	<u>2,529</u>	<u>425,900</u>	<u>424,234</u>	<u>(1,666)</u>
96,442	86,706	9,736			
294,399	258,112	36,287			
31,000	25,370	5,630			
110,610	99,819	10,791			
17,367	16,890	477			
31,681	25,604	6,077	15,000	10,598	4,402
2,324	2,282	42			
15,585	15,585				
718	687	31			
320,279	251,054	69,225			
			375,000	375,000	
			149,625	149,605	20
<u>920,405</u>	<u>782,109</u>	<u>138,296</u>	<u>539,625</u>	<u>535,203</u>	<u>4,422</u>
<u>(148,533)</u>	<u>(7,708)</u>	<u>140,825</u>	<u>(113,725)</u>	<u>(110,969)</u>	<u>2,756</u>
(148,533)	(7,708)	140,825	(113,725)	(110,969)	2,756
222,726	222,726		1,482,659	1,482,659	
14,606	14,606				
<u>\$88,799</u>	<u>\$229,624</u>	<u>\$140,825</u>	<u>\$1,368,934</u>	<u>\$1,371,690</u>	<u>\$2,756</u>

(Continued)

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual Comparison (Non-GAAP Budgetary Basis)
All Governmental and Similar Fiduciary Fund Types
For the Year Ended June 30, 2002
(Continued)**

	Capital Projects		Variance: Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Intergovernmental			
Interest			
Tuition and Fees			
Rent			
Extracurricular Activities			
Gifts and Donations			
Property and Other Local Taxes			
Miscellaneous			
Total Revenues			
Expenditures:			
Current:			
Instruction:			
Regular			
Special			
Vocational			
Adult/Continuing			
Other			
Support services:			
Pupils	\$45,330	\$45,330	
Instructional Staff			
Board of Education			
Administration			
Fiscal			
Business			
Operation and Maintenance of Plant			
Pupil Transportation			
Central			
Non-Instructional Services			
Extracurricular activities			
Capital Outlay			
Debt Service			
Debt Service - Principal			
Debt Service - Interest			
Total Expenditures	45,330	45,330	
Excess of Revenues Over (Under) Expenditures	(45,330)	(45,330)	
Other Financing Uses			
Operating Transfers Out			
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	(45,330)	(45,330)	
Fund Balances at Beginning of Year	9,203	9,203	
Prior Year Encumbrances Appropriated	36,127	36,127	
Fund Balance at End of Year			

The notes to the general-purpose financial statements are an integral part of this statement.

Expendable Trust			Totals (Memorandum Only)		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
			\$6,482,095	\$6,857,500	\$375,405
			203,600	97,899	(105,701)
			19,300	17,540	(1,760)
			9,300	8,082	(1,218)
			262,100	284,916	22,816
			15,000	2,772	(12,228)
			8,797,330	8,331,256	(466,074)
			35,000	27,198	(7,802)
			<u>15,823,725</u>	<u>15,627,163</u>	<u>(196,562)</u>
			7,569,687	7,535,833	33,854
			1,688,755	1,648,409	40,346
			138,773	135,814	2,959
			31,000	25,370	5,630
			78,084	61,559	16,525
			827,661	799,683	27,978
			719,919	708,844	11,075
			15,450	14,596	854
			1,421,004	1,389,218	31,786
			359,275	350,622	8,653
			68,843	67,067	1,776
			1,383,242	1,305,025	78,217
			373,035	352,526	20,509
			47,075	43,810	3,265
			718	687	31
\$96	\$96		553,905	478,547	75,358
			201,359	201,359	
			375,000	375,000	
			149,625	149,605	20
<u>96</u>	<u>96</u>		<u>16,002,410</u>	<u>15,643,574</u>	<u>358,836</u>
<u>(96)</u>	<u>(96)</u>		<u>(178,685)</u>	<u>(16,411)</u>	<u>162,274</u>
			<u>(105,479)</u>		<u>105,479</u>
(96)	(96)		(284,164)	(16,411)	267,753
			3,063,384	3,063,384	
96	96		239,653	239,653	
			<u>\$3,018,873</u>	<u>\$3,286,626</u>	<u>\$267,753</u>

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Combined Statement of Revenues, Expenses and
Changes in Retained Earnings
Enterprise Funds
For the Year Ended June 30, 2002**

	Enterprise
Operating Revenues	
Sales	\$494,477
Other Revenues	17,300
Total Operating Revenues	511,777
Operating Expenses	
Salaries	183,559
Fringe Benefits	68,114
Purchased Services	3,885
Materials and Supplies	465,834
Depreciation	17,586
Total Operating Expenses	738,978
Operating Loss	(227,201)
Non-Operating Revenues and Expenses	
Federal Donated Commodities	73,550
Interest	2,085
Federal and State Subsidies	130,102
Total Non-Operating Revenues and Expenses	205,737
Net Loss	(21,464)
Retained Earnings at Beginning of Year	136,518
Retained Earnings at End of Year	\$115,054

The notes to the general-purpose financial statements are an integral part of this statement.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Combined Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2002**

	Enterprise
Decrease in Cash and Cash Equivalents	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Sales	\$494,477
Other Cash Receipts	17,300
Cash Payments to Suppliers for Goods and Service	(392,308)
Cash Payments for Contract Services	(3,885)
Cash Payments for Employee Services	(187,032)
Cash Payments for Employee Benefits	(69,145)
Net Cash Used by Operating Activities	(140,593)
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Grants Received	130,328
<u>Cash Flows from Investing Activities:</u>	
Interest Received	2,085
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Payments for Capital Acquisitions	(600)
Net Decrease in Cash and Cash Equivalents	(8,780)
Cash and Cash Equivalents at Beginning of Year	123,079
Cash and Cash Equivalents at End of Year	\$114,299
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	(\$227,201)
Adjustments to Reconcile Operating Loss to <u>Net Cash Used by Operating Activities:</u>	
Depreciation	17,586
Donated Commodities Used During the Year	73,550
Adjustments to Capital Outlay	
(Increase) Decrease in Assets:	
Material and Supplies Inventory	(997)
Increase (Decrease) in Liabilities:	
Compensated Absences Payable	(2,948)
Intergovernmental Payable	(402)
Deferred Revenue	851
Accrued Wages and Benefits	(1,154)
Accounts Payable	122
Total Adjustments	86,608
Net Cash Used by Operating Activities	(\$140,593)

The Food Service Fund consumed donated commodities with a value of \$73,550.
The use of these commodities is reflected as an operating expense.

The notes to the general-purpose financial statements are an integral part of this statement.

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**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Bryan City School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Bryan City School District is a city district as defined by §3311.22 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's seven instructional/support facilities staffed by 94 non-certified and 176 certified full time teaching personnel who provide services to 2,306 students and other community members.

The Reporting Entity

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

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

The District is associated with organizations, which are defined as jointly governed organizations and group purchasing pools. These organizations include the Northwest Ohio Computer Association, The Northern Buckeye Education Council, the Four County Career Center, the Cisco Academy of Northwest Ohio, the Northwestern Ohio Educational Research Council, Inc., the Northern Buckeye Education Council's Employee Insurance Benefits Program, Cisco Academy of Northwest Ohio, and the Northern Buckeye Education Council Workers' Compensation Group Rating Plan. These organizations are presented in Notes 13 and 14 to the general-purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

The Agency funds are custodial in nature and do not present results of operations or have a measurement focus.

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

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust, and agency funds. The full accrual basis of accounting is followed by the enterprise funds.

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

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

Under the modified accrual basis, the following revenue sources are deemed both measurable and available at fiscal year end: property taxes available as an advance, grants, interest, tuition, and student fees.

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met and receivables that are not collected within the available period are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

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

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

B. Fund Accounting

The District maintains its accounting in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reporting in other funds. The restrictions associated with each class of funds are as follows:

1. GOVERNMENTAL FUNDS

The funds through which most Board of Education functions are typically financed.

General Fund - The fund used to account for all financial resources except those required to be segregated and accounted for in other funds. The General Fund is the general operating fund of the District.

Special Revenue Funds - The funds used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to disbursements for specified purposes.

Debt Service Funds - The funds used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. According to the governmental accounting principles, the Debt Service Fund accounts for the payment of long-term debt for Governmental Funds only. Under Ohio law, the Debt Service Fund might also be used to account for the payment of debt for Proprietary Funds and the short-term debt of both Governmental and Proprietary Funds.

Capital Projects Funds - The funds used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

2. FIDUCIARY FUNDS

The funds used to account for assets not owned by the Board, but held for a separate entity.

Trust Funds - The funds used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These may include Expendable Trust Funds and Nonexpendable Trust Funds.

Agency Funds - The funds used to account for assets held by the District as an agent.

**BRYAN CITY SCHOOL DISTRICT
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**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

3. PROPRIETARY FUNDS

The funds used to account for Board activities that are similar to business operations in the private sector. Proprietary Funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund measurement focus is upon determination of net income, financial position and cash flows.

Enterprise Funds - The funds used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

4. ACCOUNT GROUPS

General Fixed Assets - Fixed assets acquired or constructed for general governmental services are recorded as expenditures in the fund making the expenditures and capitalized at cost in the General Fixed Assets Account Group.

General Long-Term Obligations - This group of accounts is established to account for all long-term obligations of the District except those accounted for in the Proprietary Funds.

C. Budgetary Accounting

Budgets are adopted on a cash basis.

The District is required by State statute to adopt an annual appropriation budget for all funds. The specific timetable is as follows:

1. Prior to January 15, the Treasurer submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. A public hearing is publicized and conducted to obtain taxpayers' comments. The purpose of this Budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board adopted budget is filed with the County Budget Commission for rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. The annual appropriation measure (the true operating budget) is then developed at the fund, function and object level of expenditures, which are the legal levels of budgetary control.
4. By July 1, the annual appropriation measure for all funds is legally enacted by the Board of Education. After a public hearing is held the appropriation measure, by law, may not exceed the Certificate of Estimated Resources. The Certificate may be amended to include actual unencumbered balances at the June 30 fiscal year end or if projected increases or decreases in revenue are identified by the District during the year.

**BRYAN CITY SCHOOL DISTRICT
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**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

5. The District maintains budgetary control by not permitting expenditures to exceed appropriations within each fund, function and object without approval of the Board of Education. The Board permits management to make discretionary budgetary adjustments within each fund, which are approved by the Board on a monthly basis. Any adjustments that alter the total fund appropriation require specific action of the Board.
6. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

The District's budget (budget basis) for all funds accounts for certain transactions on a basis, which differs from generally accepted accounting principles (GAAP basis). The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash for budget purposes as opposed to when susceptible to accrual for GAAP purposes.
2. Expenditures and expenses are recorded when paid in cash or encumbered for budget purposes as opposed to when the liability is incurred for GAAP purposes.

An analysis of the difference between GAAP and budgetary basis for all governmental fund types for the year ended June 30, 2002 follows:

	Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses				
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
Budget Basis	\$147,692	(\$7,708)	(\$110,969)	(\$45,330)	(\$96)
Revenue Accruals	(46,008)	62,487	(11,219)		
Expenditure Accruals	57,043	(5,925)			
Encumbrances	319,088	25,705			
GAAP Basis	\$477,815	\$74,559	(\$122,188)	(\$45,330)	(\$96)

D. Encumbrances

The District is required to use the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

E. Cash and Investments

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

**BRYAN CITY SCHOOL DISTRICT
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**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

During fiscal year 2002, investments were limited to STAR Ohio.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2002. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2002.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund, special revenue fund, and the food service fund during fiscal year 2002 amounted to \$102,889, \$1,599 and \$2,085, respectively.

For purposes of the combined statement of cash flows, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. For the purpose of reporting cash flows, cash and cash equivalents are defined as equity in pooled cash and cash equivalents, as these amounts are available for immediate withdrawal.

F. Inventory

Inventories are valued at the lower of cost (first in, first out) or market, and are determined by physical count. Inventory in Governmental Funds consists of expendable supplies held for consumption. The cost has been recorded as an expenditure at the time individual inventory items were purchased. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

G. Property, Plant and Equipment

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Contributed fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$1,500. No depreciation is recognized for asset in General Fixed Assets Account Group.

Public Domain ("infrastructure") general fixed assets consisting of curbs, gutters, sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government. The District does not have any infrastructure.

2. Proprietary Funds

Property plant and equipment reflected in the Proprietary Funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Contributed fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided for furniture, fixtures, and equipment on a straight-line basis over an estimated useful life of five to twenty years.

**BRYAN CITY SCHOOL DISTRICT
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**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

H. Intergovernmental Revenues

In Governmental Funds, entitlements and non-reimbursable grants are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants for Proprietary Fund operations are recognized as revenue when measurable and earned. This District currently participates in various state and federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program

Non-Reimbursable Grants

Special Revenue Funds

Auxiliary Services
Teacher Professional Development
Management Information Systems
Ohio Reads Grant
Safe Schools Help Line
Onenet – Connectivity
Summer School Subsidy
Title II - Eisenhower
Title VI-B
Title I
Title VI
Drug Free
Preschool Disability
Title VIR
State Improvement
Technology Literacy
Title VIR

Capital Projects

SchoolNet

Reimbursable Grants

General Fund

Driver Education Reimbursement
School Bus Reimbursement
Vocational Education Equipment Fund

Enterprise Fund

National School Lunch Program
Government Donated Commodities

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

I. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund through which resources are to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans are reflected as interfund receivables and interfund payables.

J. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets consist of amounts required by statute to be set-aside by the District for the acquisition or construction of capital assets and budget stabilization. See Note 15 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

K. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, debt service principal, capital acquisitions, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenue and expenditures. The reserve for capital acquisitions represents money to be set-aside by statute for improvements and/or construction of District buildings.

L. Concentration of Credit Risk

Financial instruments, which potentially subject the District to concentrations of credit risk, consist primarily of taxes receivable.

M. Compensated Absences

The District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 16, "Accounting for Compensated Absences". In conformity with GASB Statement No. 16, the School District accrues vacation as earned by its employees if the leave is attributable to past service and it is probable that the District will compensate the employees for the benefits through paid time or some other means, such as cash payments at termination or retirement. Likewise, the District accrues for sick pay benefits as earned by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future. These compensated absences are measured using the rates in effect at June 30, 2002.

**BRYAN CITY SCHOOL DISTRICT
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**Notes to the General-Purpose Financial Statements
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(Continued)**

For governmental funds, the District provides a liability for unpaid accumulated sick leave and vacation time for eligible employees in the period the employees become eligible to receive payment. The current portion of unpaid compensated absences is the amount to be paid using expendable available resources and is reported as an accrued liability in the fund from which the individuals who have accumulated the unpaid compensated absences are paid. The balance of the liability is reported in the General Long-Term Obligations Account Group. In proprietary funds, compensated absences are expensed when earned. The entire amount of unpaid compensated absences is reported as a fund liability.

N. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension obligations, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than two months after fiscal year-end are considered not to have used current available resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

O. Estimates

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

P. Pass-Through Grants

The Eisenhower and Handicapped Preschool special revenue funds are pass-through grants in which the Northwest Ohio Educational Service Center is the primary recipient. In accordance with GASB Statement 24 "Accounting and Financial Reporting of Certain Grants and Other Financial Assistance" the secondary recipients should report monies spent on their behalf by the primary recipient as revenue and operating expenses.

Q. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This information is not comparable to a consolidation. Interfund-type eliminations have not been made in the combining of the data.

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS

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

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

**BRYAN CITY SCHOOL DISTRICT
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**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or 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 any securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and to be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio) and,
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

Investments in stripped principal or interest obligations, reverse purchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**BRYAN CITY SCHOOL DISTRICT
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**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements".

A. Deposits

At the year-end, the carrying amount of the District's deposits was \$36,027 and the bank balance was \$400,768. Of the bank balance:

1. \$140,479 was covered by Federal Depository Insurance; and
2. \$260,289 was collateralized by securities specifically pledged by the financial institution in the name of the District.

B. Investments

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

Investments as of June 30, 2002 were as follows:

	Reported Amount	Fair Value
STAR Ohio	\$3,737,465	\$3,737,465

The State Treasurer's Investment Pool (STAR Ohio) is not a categorized investment because it is not evidenced by securities that exist in physical or book entry form.

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

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

	Cash and Cash Equivalents Deposits	Investments
GASB Statement 9	\$3,773,492	
Investments:		
STAR Ohio	(3,737,465)	\$3,737,465
GASB Statement 3	\$36,027	\$3,737,465

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

NOTE 4 - PROPERTY TAXES

Property taxes include amounts levied against real, public utility, and tangible property located within the District. All property is required to be reappraised every six years with a triennial update.

Real property taxes, excluding public utility property, are assessed at 35 percent of appraised market value. Pertinent real property tax dates are:

Collection Dates	January and July of the current year
Lien Date	January 1 of the year preceding the collection year
Levy Date	October 1 of the year preceding the collection year

Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value.

The taxes are based on assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Pertinent tangible personal property tax dates are:

Collection Dates	April and September of the current year
Lien Date	January 1 of the current year
Levy Date	October 1 of the year preceding the collection year

Most public utility tangible personal property currently is assessed at 35 percent of its true value. Pertinent public utility tangible personal property tax dates are:

Collection Dates	January and July of the current year
Lien Date	December 31 of the second year preceding the collection year
Levy Date	October 1 of the year preceding the collection year

The County Treasurer collects real estate property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the District its portion of the taxes collected with final settlement in March and September.

The County Treasurer collects personal property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the District its portion of the taxes collected with final settlement in May and October.

Taxes receivable represent current and delinquent real property, tangible personal property, and public utility property taxes, which are measurable at June 30, 2002. These taxes are intended to finance the next fiscal year's operations, and are therefore offset by a credit to deferred revenue, except for the portion, which is available to advance as of June 30, 2002.

The assessed values of properties upon which property tax revenues were based are as follows:

**BRYAN CITY SCHOOL DISTRICT
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**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

	Amount
Agricultural/Residential	\$157,686,380
Commercial/Industrial	56,066,260
Public Utility	7,665,140
General Personal Property	59,443,400
Total valuation	\$280,861,180

NOTE 5 - FIXED ASSETS

A summary of changes in the General Fixed Assets Account Group is as follows:

Asset Category	Balance at 6/30/01	Additions	Disposals	Balance at 6/30/02
Land/Improvements	\$376,490			\$376,490
Buildings/Improvements	14,250,192	\$38,804		14,288,996
Furniture and Equipment	3,788,353	39,170	\$965	3,826,558
Vehicles	907,577			907,577
Totals	\$19,322,612	\$77,974	\$965	\$19,399,621

A summary of changes in the Enterprise Fund fixed assets is as follows:

Asset Category	Balance at 6/30/02
Furniture and Equipment	\$285,105
Less: Accumulated Depreciation	(231,930)
Totals	\$53,175

NOTE 6 – RECEIVABLES

Receivables, at June 30, 2002, consisted of taxes, accounts (billings for user charged services), and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are considered collectable in full due to the ability to foreclose for the non-payment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

NOTE 7 - LONG-TERM OBLIGATIONS

During the year ended June 30, 2002, the following changes occurred in obligations reported in the General Long-Term Obligations Account Group:

**BRYAN CITY SCHOOL DISTRICT
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**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

	Balance at 7/1/01	Additions	Deductions	Balance at 6/30/02
General Obligation Bonds	\$2,625,000		\$375,000	\$2,250,000
Pension Obligation	86,823		7,259	79,564
Compensated Absences	1,784,331	\$165,956		1,950,287
Total Long-Term Obligations	\$4,496,154	\$165,956	\$382,259	\$4,279,851

Debt outstanding at June 30, 2002 consisted of General Obligation Bonds totaling \$2,250,000 (interest rates at June 30, 2002 were 6.01 percent). The bonds were issued in March 1987 and will mature in December 2007.

Total expenditures for interest for the above debt for the period ended June 30, 2002 was \$149,605.

The scheduled payments of principal and interest on debt outstanding at June 30, 2002 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2003	\$375,000	\$126,563	\$501,563
2004	375,000	103,125	478,125
2005	375,000	79,406	454,406
2006	375,000	56,250	431,250
2007	375,000	33,750	408,750
thereafter	375,000	11,250	386,250
Total	\$2,250,000	\$410,344	\$2,660,344

NOTE 8 - COMPENSATED ABSENCES

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Clerical, Technical, and Maintenance and Operation employees with one or more years of service are entitled to vacation ranging from 10 to 20 days. Employees with less than one year of service earn one vacation day per month worked, not to exceed five days. Certain employees are permitted to carry over vacation leave earned in the current year into the next year.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rata basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to thirty percent of the accumulated sick leave for all certificated and certain non-certificated employees up to a maximum of 74 days, and twenty-five percent of the accumulated sick leave for all other non-certificated employees, to a maximum of 40 days.

At June 30, 2002 the current amount of unpaid compensated absences in all funds, except for the proprietary funds, and the balance of the liability in the General Long-Term Obligation Account Group were \$13,262 and \$1,950,287, respectively. The liability for compensated absences in the proprietary funds at June 30, 2002 was \$21,106.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

NOTE 9 - PENSION AND RETIREMENT PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System 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 SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3756 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of the 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 District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$114,062, \$75,806, and \$93,230, respectively, 65 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$103,188 representing unpaid contributions for fiscal year 2002 is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS) a cost-sharing, multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent. 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. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$944,282, \$815,087, and \$501,369, respectively, 86 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$189,436 representing unpaid contribution for fiscal year 2002 is recorded as a liability within the respective funds.

NOTE 10 - POSTEMPLOYMENT BENEFITS

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of monthly premiums.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

The Revised Code grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently at 14 percent of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Reserve Fund from which health care benefits are paid. For the fiscal year ended June 30, 2001, the board allocated employer contributions equal to 4.5 percent of covered payroll to Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.256 billion on June 30, 2001.

For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000. There were 102,132 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2002, the allocation rate is 9.54 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2002, the minimum pay has been established as \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2002 were \$182,946,777 and the target level was \$274.2 million. At June 30, 2002, the Retirement System's net assets available for payment of health care benefits were \$335.2 million.

The number of participants currently receiving health care benefits is approximately 50,000.

For the District, the amount to fund postemployment benefits including the surcharge equaled \$218,381 during the 2002 fiscal year.

NOTE 11 - INSURANCE

A. Comprehensive

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 100 percent co-insured.

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

B. Employee Insurance Benefits Program

The District participates in the Northern Buckeye Education Council Employee Insurance Benefits Program (the Program), a public entity shared risk pool consisting of school districts within Defiance, Fulton, Henry, and Williams Counties and other eligible governmental entities. The District pays

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

monthly premiums to the Northern Buckeye Education Council (NBEC) for the benefits offered to its employees, which includes health, dental and life insurance. NBEC is responsible for the management and operations of the program. The agreement for the Program provides for additional assessments to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Program, a participant is responsible for any claims not processed and paid and any related administrative costs.

C. Workers' Compensation Group Program

The District participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 14). The Plan is intended to reduce premiums for the participants. 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

NOTE 12 - ENTERPRISE FUNDS SEGMENT INFORMATION

The District maintains three Enterprise Funds, which provide lunchroom/cafeteria, uniform school supply services, and high school concession services. Segment information for the year ended June 30, 2002 was as follows:

	Food Service	Uniform School Supplies	Bryan High School Concessions	Total Enterprise Funds
Operating Revenues	\$394,712	\$99,765	\$17,300	\$511,777
Depreciation Expense	17,586			17,586
Operating Income (Loss)	(229,694)	2,607	(114)	(227,201)
Donated Commodities	73,550			73,550
Grants	130,102			130,102
Interest	2,085			2,085
Net Income (Loss)	(23,957)	2,607	(114)	(21,464)
Net Working Capital	36,857	14,527	1,125	52,509
Total Assets	184,579	14,649	1,125	200,353
Total Liabilities	85,177	122		85,299
Total Equity	99,402	14,527	1,125	115,054

NOTE 13- JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Computer Association

The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, and Williams

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Total disbursements made by the District to NWOCA during this fiscal year were \$84,412. Financial information can be obtained from Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among various educational entities located in Defiance, Fulton, Henry, and Williams counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the four counties, in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. To obtain financial information write to the Northern Buckeye Education Council, Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

C. Four County Career Center

The Four County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the educational service centers from the counties of Defiance, Fulton, Henry, and Williams; one representative from each of the city school districts; one representative from each of the exempted village school districts; and one additional representative from the Northwest Ohio Educational Service Center. The Four County Career Center possesses its own budgeting and taxing authority. To obtain financial information write to the Four County Career Center, at Route 1, Box 245A, Archbold, Ohio 43502.

D. Cisco Academy of Northwest Ohio

The Cisco Academy of Northwest Ohio (the Academy) was established July 1, 1998 to foster cooperation toward joint training and other joint activities of mutual interest among certain educational entities located in Northwest Ohio. The Academy is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by representatives of the member educational entities. The Academy is governed by a management council consisting of a representative appointed from each participating member educational entity. The Board of Education of the Four County Career Center has been designated fiscal agent for the Academy. Financial information can be obtained from the treasurer of the Four County Career Center, at 22-900 State Route 34, Archbold, Ohio 43502.

E. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials and provide opportunities for training. The NOERC serves twenty-five county area of Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., P.O. Box 456, Ashland, Ohio 44805.

NOTE 14 - GROUP PURCHASING POOLS

A. Northern Buckeye Education Council's Employee Insurance Benefits Program

The Northern Buckeye Education Council's Employee Insurance Benefits Program includes health, dental, and life, and vision insurance plans. The health and dental plans are risk-sharing pools among approximately 30 members, and the life insurance plan is a group purchasing pool among 29 members. The purpose of the plans is for its members to pool funds or resources to purchase commercial insurance products and enhance the wellness opportunities for employees.

Each member pays a monthly premium amount, which is established annually by the Council, to the treasurer to comply with the terms of any contract with any third-party claims administrator or insurance company. The insurance group is governed by a council consisting of two representatives from each of the four counties, in which the member school districts are located. The degree of control exercised by any participating member is limited to its representation on the council.

In fiscal year 2002, the Bryan City School District contributed a total of \$1,371,286 for all four plans. Financial information can be obtained from Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

B. Northern Buckeye Education Council's Worker's Compensation Group Rating Plan

The District participates in a group rating plan for worker's compensation as established under §4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council's Worker's Compensation Group Rating Plan (WGRP) was established through the Northern Buckeye Education Council (NBEC) as a group purchasing pool.

The WGRP's business and affairs are conducted by a three member board of directors consisting of two Assembly representatives for each of the counties of Defiance, Fulton, Henry, and Williams and the representative of the member serving as fiscal agent for NBEC. The Executive Director of the Council shall coordinate the management and administration of the program. During this fiscal year, the District paid an enrollment fee of \$1,856 to WGRP to cover costs of administering the program.

NOTE 15 - SET-ASIDE CALCULATIONS AND FUND RESERVES

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. In prior years, the District was also required to set aside money for budget stabilization. For fiscal year 2002, only the unspent portion of certain workers' compensation refunds was set aside at fiscal year end.

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

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Notes to the General-Purpose Financial Statements
June 30, 2002
(Continued)**

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Balance as of June 30, 2001	(\$245,188)		\$151,316	(\$93,872)
Current Year Set-aside Requirement	273,601	\$273,601		547,202
Current Year Offsets				
Qualifying Disbursements	<u>(318,161)</u>	<u>(48,108)</u>		<u>(366,269)</u>
Total	<u>(\$289,748)</u>	<u>\$225,493</u>	<u>\$151,316</u>	<u>\$87,061</u>
Set-aside Balance Carried Forward to FY 2003	<u>(\$298,748)</u>	<u>\$225,493</u>	<u>\$151,316</u>	<u>\$87,061</u>
Amount restricted for Capital Acquisition				\$225,493
Amount restricted for Budget Stabilization				<u>151,316</u>
Total Restricted Assets				<u>\$376,809</u>

The District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero. The negative amounts may be used to offset future year textbook set-aside requirements.

NOTE 16 – SCHOOL FUNDING DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

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**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2002**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education:</i>		
<u>Nutrition Cluster:</u>		
Food Distribution Program		10.550
National School Lunch Program		10.555
Total U.S. Department of Agriculture - Nutrition Cluster		
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education:</i>		
<u>Special Education Cluster:</u>		
Special Education Grants to States (IDEA Part B)	043679 6B-SF 01P 043679 6B-SF 02P	84.027
Total Special Education Grants to States		
Special Education Preschool Grants (IDEA Preschool)	043679-PG-S1-02P	84.173
Total Special Education Cluster		
Grants to Local Educational Agencies (ESEA Title 1)	043679-C1-S1-00 043679-C1-S1-01 043679-C1-S1-02	84.010
Total Grants to Local Educational Agencies		
Innovative Educational Program Strategies	043679-C2-S1-02	84.298
Drug-Free Schools Grant	043679-DR-S1-01 043679-DR-S1-02	84.186
Total Drug-Free Schools Grant		
Eisenhower Title II Grant	043679-MS-S1-01 043679-MS-S1-02	84.281
State Improvement Grant	043679 ST-S1-00P	84.323
Technology Literacy Challenge Grant	-	84.318
Class Reduction Grant	043679-CR-S1-01 043679-CR-S1-02	84.340
Total Class Reduction Grant		
Total U.S. Department of Education		
Totals		

The accompanying notes are an integral part of this schedule.

<u>Receipts</u>	<u>Noncash Receipts</u>	<u>Disbursements</u>	<u>Noncash Disbursements</u>
	\$66,401		\$65,550
<u>\$125,772</u>		<u>\$125,772</u>	
<u>125,772</u>	<u>66,401</u>	<u>125,772</u>	<u>65,550</u>
3,113		5,750	
<u>92,691</u>		<u>92,276</u>	
95,804		98,026	
<u>18,815</u>		<u>18,815</u>	
114,619		116,841	
22,316		22,316	
15,631		33,789	
<u>143,553</u>		<u>105,995</u>	
181,500		162,100	
12,270		11,762	
835		1,236	
<u>8,766</u>		<u>2,552</u>	
9,601		3,788	
779		779	
<u>9,280</u>		<u>5,539</u>	
10,059		6,318	
		15,743	
9,000		9,000	
3,496		8,856	
<u>28,881</u>		<u>26,880</u>	
<u>32,377</u>		<u>35,736</u>	
<u>369,426</u>		<u>361,288</u>	
<u>\$495,198</u>	<u>\$66,401</u>	<u>\$487,060</u>	<u>\$65,550</u>

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Notes to the Schedule of Federal Awards Expenditures
June 30, 2002**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with state grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Bryan City School District
Williams County
1350 Fountain Grove Drive
Bryan, Ohio 43506-8733

To the Board of Education:

We have audited the financial statements of Bryan City School District (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated December 20, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 20, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 20, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

December 20, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Bryan City School District
Williams County
1350 Fountain Grove Drive
Bryan, Ohio 43506-8733

To the Board of Education:

Compliance

We have audited the compliance of Bryan City School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 20, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

December 20, 2002

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Schedule of Findings
OMB Circular A -133 § .505
June 30, 2002**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title I CFDA #84.010 Nutrition Cluster CFDA #10.550 CFDA #10.555
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Schedule of Prior Audit Findings
OMB Circular A -133 §.315 (b)
June 30, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2001-10186-001	The final expenditure report for the FY 2000 Title I grant was not filed.	Yes	Corrected



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BRYAN CITY SCHOOL DISTRICT

WILLIAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 11, 2003**