



Dave Yost • Auditor of State

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

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 Bryan City School District, Williams County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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 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 Bryan City School District, Williams County, Ohio, as of June 30, 2011, and the respective changes in cash financial position, thereof, and the budgetary comparison for the General fund for the year then ended in conformity with the basis of accounting Note 2 describes.

As described in Note 19 to the financial statements, for the year ended June 30, 2011, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2012, 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 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards receipts and expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The federal awards receipts and expenditures schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

January 4, 2012

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

The discussion and analysis of the financial performance of Bryan City School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

In total, net assets increased \$1,837,035.

General revenues accounted for \$18,618,116, or 80 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$4,643,936 or 20 percent of total revenues of \$23,262,052.

The District's major funds included the General fund and the Permanent Improvement fund. The General fund had \$19,035,870 in revenues and other financing sources and \$17,829,922 in expenditures and other financing uses. The General fund's balance increased \$1,205,948 from the prior fiscal year. The Permanent Improvement fund had \$1,465,714 in revenues and other financing sources and \$710,222 in expenditures. The Permanent Improvement fund's balance increased \$755,492 from the prior fiscal year.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column.

For the District, the General fund is by far the most significant fund. The General fund and the Permanent Improvement Fund are the two major funds.

Reporting the District as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities, both reported on the cash basis, reflect how the District performed financially during fiscal year 2011. These statements are reported on a cash basis of accounting which reflects receipts and disbursements when cash is received or disbursed.

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District, as a whole, has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the cash basis statement of net assets and the statement of activities, the District discloses a single type of activity, its governmental activities which includes all of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General fund and the Permanent Improvement fund. While the District uses many funds to account for its financial transactions, these are the most significant.

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

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

The District as a Whole

Table 1 provides a summary of the District's net assets for fiscal year 2011 compared to fiscal year 2010 on a cash basis.

**Table 1
Net Assets
Governmental Activities**

	2011	2010
<u>Assets:</u>		
Current and Other Assets	\$13,567,742	\$11,730,707
<u>Net Assets:</u>		
Restricted for Capital Outlay	3,491,986	2,736,494
Restricted for Other Purposes	458,290	568,886
Unrestricted	9,617,466	8,425,327
Total	\$13,567,742	\$11,730,707

As mentioned previously, net assets of governmental activities increased \$1,837,035 or 16% during 2011. The primary reasons attributing to the increase included the increase in school district income tax and State Fiscal Stabilization, Education Jobs, and Race to the Top federal grant revenue while maintaining expenditures near previous levels.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

Table 2 reflects the changes in net assets for fiscal year 2011 compared to fiscal year 2010.

**Table 2
Change in Net Assets
Governmental Activities**

	2011	2010
<u>Revenues:</u>		
Program Revenues:		
Charges for Services and Sales	\$1,994,825	\$2,237,475
Operating Grants and Contributions	2,649,111	1,876,615
Total Program Revenues	4,643,936	4,114,090
General Revenues:		
Property Taxes	7,592,517	7,565,876
Income Taxes	2,584,307	2,490,612
Grants and Entitlements	8,242,910	8,954,151
Gifts and Donations	59,465	43,657
Investment Earnings	80,106	49,324
Miscellaneous	47,221	61,562
Refund of Prior Year Expenditures	11,590	5,442
General Revenues	18,618,116	19,170,624
Total Revenues	23,262,052	23,284,714
<u>Expenses:</u>		
Instruction	12,381,141	12,390,931
Support Services:		
Pupils	1,053,185	977,486
Instructional Staff	1,687,237	1,608,346
Board of Education	22,524	19,961
Administration	1,579,316	1,537,620
Fiscal	512,856	541,264
Business	72,941	67,425
Operation and Maintenance of Plant	1,528,174	1,502,001
Pupil Transportation	639,236	829,562
Central	67,749	83,568
Non-Instructional Services	844,013	775,193
Extracurricular Activities	765,206	765,326
Capital Outlay	271,439	247,500
Total Expenses	21,425,017	\$21,346,183
Increase in Net Assets	\$1,837,035	\$1,938,531

Program receipts account for 20 percent of total receipts and are represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

The major program disbursements for governmental activities are for instruction, which accounts for 58 percent of all governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 16 percent of governmental disbursements. Maintenance of the District's facilities and Administrative support services also represent significant disbursements of 7 percent each. The remaining 12 percent of the District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2011
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(Continued)**

Overall revenues decreased \$22,662 (less than 1%) primarily due to a decrease in unrestricted grants and entitlements and charges for services and sales, being greater than the increase in operating grants and contributions and school district income tax. Overall expenditures increased \$78,834 (less than 1%) which is primarily attributed to an increase in pupil, instructional staff, administration, operation and maintenance of plant, and non-instructional support services.

Governmental Activities

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

**Table 3
Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2011	2011	2010	2010
Instruction	\$12,381,141	\$8,980,261	\$12,390,931	\$9,532,019
Support Services:				
Pupils	1,053,185	1,003,481	977,486	961,856
Instructional Staff	1,687,237	1,687,237	1,608,346	1,608,346
Board of Education	22,524	22,524	19,961	19,961
Administration	1,579,316	1,574,316	1,537,620	1,532,620
Fiscal	512,856	512,856	541,264	541,264
Business	72,941	72,941	67,425	67,425
Operation and Maintenance of Plant	1,528,174	1,369,246	1,502,001	1,365,942
Pupil Transportation	639,236	639,236	829,562	818,804
Central	67,749	54,099	83,568	72,136
Non-Instructional Services	844,013	133,577	775,193	17,748
Extracurricular Activities	765,206	459,868	765,326	446,472
Capital Outlay	271,439	271,439	247,500	247,500
Total Expenses	\$21,425,017	\$16,781,081	\$21,346,183	\$17,232,093

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 72 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 78 percent. The remaining 22 percent are derived from charges for services and operating grants and contributions.

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. The District's major governmental funds are the General fund and the Permanent Improvement fund. Total governmental funds had revenues and other financing sources of \$23,319,610 and expenditures and other financing uses of \$21,482,575. The net change in fund balance in the General fund reflects an increase of \$1,205,948. This was primarily due to overall receipts exceeding overall expenditures. Overall receipts and expenditures decreased by less than 1% from 2010. The net change in fund balance in the Permanent Improvement fund was an increase of \$755,492. This was primarily attributed to decreased capital outlay expenditures while receipts remained approximately the same.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on 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 2011, the District amended its General fund budget as needed.

Final estimated revenues exceeded original estimated resources by \$522,185 (2.8%) primarily due to unexpected increases in property and other taxes, income tax revenue, and intergovernmental revenue. There was no significant variances between final estimated revenues and actual.

Final budget expenditures were less than original budget expenditures by \$592,138 (3.2%). This was due to a decrease in expected expenditures. Final expenditures and other financing uses were budgeted at \$18,084,754 while actual expenditures and other financing uses were \$17,833,582. The \$251,172 difference is primarily due to a conservative "worst case scenario" approach. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The District had capital outlay disbursements of \$271,439 during fiscal year 2011.

Debt Administration

At June 30, 2011, the District's long term obligations, included capital leases of \$271,902, up 8 percent from the end of fiscal year 2010. The District obtained four separate capital leases for the acquisition of computer equipment. The leases were each issued for four years, with final maturity on July 25, 2011, July 22, 2012, and July 10, 2013. One leased matured prior to fiscal year end.

At June 30, 2011, the District's overall legal debt margin was \$24,774,469, with an un-voted debt margin of \$275,272.

For further information regarding the District's debt, see the notes to the basic financial statements.

Current Issues

Bryan is a small rural community of 8,500 in Northwest Ohio. It has a number of small and medium businesses with agriculture having a contributing influence on the economy. The district's revenues from the State of Ohio have remained stagnant while operating costs continue to increase. The citizens of the district passed a continuing one percent school district income tax levy on May 2, 2006. This new tax became effective on January 1, 2007 and is expected to generate approximately \$2,700,000 per year when fully implemented, based upon estimates received from the Ohio Department of Taxation. The one percent school district income tax generated \$2,969,000 in FY 2009, \$2,491,000 in FY 2010 and \$2,584,000 in FY2011.

The District is currently operating in the second year of the state biennium budget. 53 percent of district revenue sources are from local funds, 38 percent from state funds and the remaining 9 percent is from federal funds. The total expenditure per pupil was calculated at \$10,094.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

In May 2007, the District passed a five-year emergency levy to generate \$1,910,000 annually. This levy provides a source of funds for the financial operations and stability of the District. However, future finances are not without challenges as our community changes and state funding is continually revised. Some of these challenges are in the future of state funding for schools in light of the DeRolph court case, state budget instability, the long term effects of public utility deregulation, the elimination of tangible personal property tax on Ohio businesses and the accelerated phase out of tangible personal property replacement funds.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the 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 Rob Rosswurm, Chief Fiscal Officer, Bryan City School District, 1350 Fountain Grove Drive, Bryan, Ohio 43506-8733.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Net Assets
For the Fiscal Year June 30, 2011**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$13,567,742</u></u>
Net Assets:	
Restricted for Capital Outlay	3,491,986
Restricted for Other Purposes	458,290
Unrestricted	<u>9,617,466</u>
<i>Total Net Assets</i>	<u><u>\$13,567,742</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Activities
For the Fiscal Year Ended June 30, 2011**

	Program Revenues		Net(Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:			
Instruction:			
Regular	\$8,613,850	\$1,127,837	\$914,941
Special	3,660,673		1,349,565
Vocational	75,780		8,537
Student Intervention Services	30,838		
Support Services:			
Pupils	1,053,185		49,704
Instructional Staff	1,687,237		
Board of Education	22,524		
Administration	1,579,316		5,000
Fiscal	512,856		
Business	72,941		
Operation and Maintenance of Plant	1,528,174	158,928	
Pupil Transportation	639,236		
Central	67,749		13,650
Operation of Non-Instructional Services	844,013	402,722	307,714
Extracurricular Activities	765,206	305,338	
Capital Outlay	271,439		
<i>Totals</i>	<u>\$21,425,017</u>	<u>\$1,994,825</u>	<u>\$2,649,111</u>
 General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes			6,539,054
Property Taxes, Levied for Capital Outlay			1,053,463
Income Taxes			2,584,307
Grants and Entitlements not Restricted to Specific Programs			8,242,910
Gifts and Donations			59,465
Investment Earnings			80,106
Miscellaneous			47,221
Refund of Prior Year Expenditures			11,590
<i>Total General Revenues</i>			<u>18,618,116</u>
<i>Change in Net Assets</i>			<u>1,837,035</u>
<i>Net Assets Beginning of Year</i>			<u>11,730,707</u>
<i>Net Assets End of Year</i>			<u>\$13,567,742</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Cash Basis Assets and Fund Cash Balances
Governmental Funds
For the Fiscal Year June 30, 2011**

	<u>General Fund</u>	<u>Permanent Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	<u>\$9,691,203</u>	<u>\$3,491,986</u>	<u>\$384,553</u>	<u>\$13,567,742</u>
Fund Balances:				
Restricted			384,553	384,553
Assigned	168,412			168,412
Committed		3,491,986		3,491,986
Unrestricted	<u>9,522,791</u>			<u>9,522,791</u>
<i>Total Fund Balances</i>	<u>\$9,691,203</u>	<u>\$3,491,986</u>	<u>\$384,553</u>	<u>\$13,567,742</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Cash Basis Receipts, Disbursements, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011**

	<u>General Fund</u>	<u>Permanent Improvement Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:				
Property and Other Local Taxes	\$6,539,054	\$1,053,463		\$7,592,517
Income Taxes	2,584,307			2,584,307
Intergovernmental	8,393,728	354,673	\$2,143,620	10,892,021
Investment Earnings	79,669		437	80,106
Tuition and Fees	1,127,837			1,127,837
Rent	158,928			158,928
Extracurricular Activities	69,013		236,325	305,338
Gifts and Donations	24,543		34,922	59,465
Customer Sales and Services			402,722	402,722
Miscellaneous	47,221			47,221
<i>Total Receipts</i>	<u>19,024,300</u>	<u>1,408,136</u>	<u>2,818,026</u>	<u>23,250,462</u>
Disbursements:				
Current:				
Instruction:				
Regular	7,634,860	92,112	886,878	8,613,850
Special	2,772,148	6,577	881,948	3,660,673
Vocational	75,780			75,780
Student Intervention Services	30,838			30,838
Support Services:				
Pupils	997,082	783	55,320	1,053,185
Instructional Staff	1,464,517	219,430	3,290	1,687,237
Board of Education	22,524			22,524
Administration	1,555,431	11,312	12,573	1,579,316
Fiscal	484,097	28,759		512,856
Business	72,941			72,941
Operation and Maintenance of Plant	1,466,961	44,488	16,725	1,528,174
Pupil Transportation	610,614	28,622		639,236
Central	55,890		11,859	67,749
Operation of Non-Instructional Services			844,013	844,013
Extracurricular Activities	528,681	6,700	229,825	765,206
Capital Outlay		271,439		271,439
<i>Total Disbursements</i>	<u>17,772,364</u>	<u>710,222</u>	<u>2,942,431</u>	<u>21,425,017</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,251,936</u>	<u>697,914</u>	<u>(124,405)</u>	<u>1,825,445</u>
Other Financing Sources and (Uses):				
Transfers In		57,558		57,558
Refund of Prior Year Expenditures	11,570	20		11,590
Transfers Out	(57,558)			(57,558)
<i>Total Other Financing Sources and (Uses)</i>	<u>(45,988)</u>	<u>57,578</u>		<u>11,590</u>
<i>Net Change in Fund Balances</i>	1,205,948	755,492	(124,405)	1,837,035
Fund Balance at Beginning of Year (Restated)	8,485,255	2,736,494	508,958	11,730,707
<i>Fund Balance at End of Year</i>	<u>\$9,691,203</u>	<u>\$3,491,986</u>	<u>\$384,553</u>	<u>\$13,567,742</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Cash Receipts, Cash Disbursements,
and Changes in Fund Balances - (Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Receipts:				
Property and Other Local Taxes	\$6,200,000	\$6,538,973	\$6,539,054	\$81
Income Tax	2,490,000	2,584,300	2,584,307	7
Intergovernmental	8,282,000	8,358,595	8,393,728	35,133
Investment Earnings	50,000	70,000	79,669	9,669
Tuition and Fees	1,056,000	993,900	1,039,367	45,467
Rent	135,700	158,700	158,928	228
Extracurricular Activities	30,000	27,900	28,240	340
Gifts and Donations	24,500	26,500	24,543	(1,957)
Miscellaneous	12,500	32,500	47,221	14,721
<i>Total Receipts</i>	<u>18,280,700</u>	<u>18,791,368</u>	<u>18,895,057</u>	<u>103,689</u>
Disbursements:				
Current:				
Instruction:				
Regular	7,906,163	7,620,575	7,573,203	47,372
Special	2,764,080	2,800,447	2,776,122	24,325
Vocational	77,105	77,784	76,593	1,191
Student Intervention Services	58,532	41,634	36,928	4,706
Support Services:				
Pupils	1,015,697	1,021,054	1,002,009	19,045
Instructional Staff	1,583,105	1,498,857	1,480,446	18,411
Board of Education	19,710	24,346	23,224	1,122
Administration	1,628,280	1,600,805	1,565,958	34,847
Fiscal	505,769	493,912	484,538	9,374
Business	109,000	77,350	75,683	1,667
Operation and Maintenance of Plant	1,631,577	1,547,199	1,525,261	21,938
Pupil Transportation	626,474	624,703	613,179	11,524
Central	104,400	56,191	55,890	301
Extracurricular Activities	492,000	496,042	486,990	9,052
<i>Total Disbursements</i>	<u>18,521,892</u>	<u>17,980,899</u>	<u>17,776,024</u>	<u>204,875</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(241,192)</u>	<u>810,469</u>	<u>1,119,033</u>	<u>308,564</u>
Other Financing Sources and (Uses):				
Refund of Prior Year Expenditures		11,517	11,570	53
Transfers Out	(55,000)	(57,558)	(57,558)	
Other Financing Uses	(100,000)	(46,297)		46,297
<i>Total Other Financing Sources and (Uses)</i>	<u>(155,000)</u>	<u>(92,338)</u>	<u>(45,988)</u>	<u>46,350</u>
<i>Net Change in Fund Balances</i>	(396,192)	718,131	1,073,045	354,914
<i>Fund Balance at Beginning of Year</i>	8,285,124	8,285,124	8,285,124	
Prior Year Encumbrances Appropriated	140,203	140,203	140,203	
<i>Fund Balance at End of Year</i>	<u>\$8,029,135</u>	<u>\$9,143,458</u>	<u>\$9,498,372</u>	<u>\$354,914</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Cash Basis Assets and Net Cash Assets
Fiduciary Fund
June 30, 2011**

	<u>Agency Fund</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$47,079</u></u>
Liabilities:	
Undistributed Monies	<u><u>\$47,079</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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. The District is a city school district as defined by §3311.03 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 89 non-certified and 176 certified full-time teaching personnel who provide services to 2,121 students and other community members.

A. Primary Government

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the 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.

B. Component Units

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. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District, and are significant in amount to the District. The District does not have any component units.

C. Jointly Governed Organizations and Purchasing Pools

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 Northwest Ohio Special Education Regional Resource Center, the Northwest Ohio Professional Development Center, the Northwestern Ohio Educational Research Council, Inc., the Northern Buckeye Education Council's Employee Insurance Benefits Program, and the Northern Buckeye Education Council Workers' Compensation Group Rating Plan. These organizations are presented in Notes 15 and 16 to the basic financial statements.

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

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(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 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 District's accounting policies.

A. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets, 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 District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the cash balance of the governmental activities of the District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the 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 basis or draws from the District's general receipts.

2. Fund Financial Statements

During the fiscal year, the District segregates transactions related to certain 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 District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, receipts, or disbursements of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, receipts, or disbursements of that individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

B. Fund Accounting

The 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 District are divided into two categories, governmental and fiduciary.

1. Governmental Funds:

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other non-exchange transactions as governmental funds. The General fund and the Permanent Improvement fund are the 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 is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Permanent Improvement Fund - The Permanent Improvement fund is 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).

The other governmental funds of the District account for grants and other resources and capital projects of the District whose uses are restricted to a particular purpose.

2. Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary funds of the District consist of agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's Agency funds account for various student managed activities.

C. Basis of Accounting

Although the Ohio Administrative Code § 117-2-03(B) requires that the District's financial report to follow generally accepted accounting principles, the District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. This is a comprehensive basis of accounting other than generally accepted accounting principles.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

As a result of the use of 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.

D. Budgetary Process

The budgetary process is prescribed by provision of the Ohio Revised Code and entails the preparation of budgetary documents within established timetable. All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the function level within the General fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the object level within the General fund, and at the function and object level within all other funds are made by the District's Chief Fiscal Officer.

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

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

The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including amounts automatically carried forward from prior fiscal years.

The District is required to use the encumbrance method of accounting by virtue of Ohio law. 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. Expenditures plus encumbrances may not legally exceed appropriations. Encumbrances at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

Investments of the District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that are 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.

During fiscal year 2011, investments were limited to federal agency securities, a money market mutual fund, and the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments in federal agency securities are reported at cost. The District's money market mutual fund is recorded at the amount reported by Fifth Third Investments at June 30, 2011.

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, 2011.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General fund during fiscal year 2011 amounted to \$79,669, which includes \$23,055 assigned from other District funds.

F. Inventory and Prepaid Items

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

G. 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.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Compensated Absences

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 District's cash basis of accounting.

I. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

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

K. 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. Repayment from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the 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 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. There were no amounts restricted by enabling legislation.

M. Fund Balance

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

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

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

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

Unassigned - Unassigned fund balance is the residual classification for the General fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the General fund:

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

3. BUDGETARY BASIS OF ACCOUNTING – (Continued)

Fund Cash Balance	
	General Fund
Cash Basis	\$9,691,203
Funds Budgeted Elsewhere	(73,737)
Adjustment for Encumbrances	(119,094)
Budget Basis	<u>\$9,498,372</u>

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds (uniform school supplies and public school support funds) are considered part of the General fund on the cash basis.

4. DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board 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.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

4. DEPOSITS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of June 30, 2011, the District had the following investments and maturities:

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

4. DEPOSITS AND INVESTMENTS - (Continued)

Investment Type	Investment Maturities			
	Balance at Fair Value	Less Than One Year	Two to Three Years	Three to Five Years
Federal Home Loan Bank (FHLB) Bonds	\$2,513,101		\$1,511,226	\$1,001,875
Federal Home Loan Mortgage Corporation (FHLMC) Bonds	524,019		524,019	
Federal National Mortgage Association (FNMA) Bonds	1,572,710		512,844	1,059,866
Money Market Mutual Fund	52,604	\$52,604		
STAR Ohio	533,560	533,560		
Total Investments	\$5,195,994	\$586,164	\$2,548,089	\$2,061,741

Interest Rate Risk - The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk – The following investments carry the highest ratings by Moody’s and Standard and Poor’s.

Investment Type	Moody’s	Standard & Poor’s
FHLB Bonds	Aaa	AAA
FHLMC Bonds	Aaa	AAA
FNMA Bonds	Aaa	AAA
STAR Ohio		AAAm
Money Market Mutual Fund	Aaa	AAA

Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The District has no investment policy that would further limit its investment choices.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

4. DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Bonds and Federal National Mortgage Association Bonds are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the CFO or qualified trustee.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. The District's investments in Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Bonds and Federal National Mortgage Association Bonds represent 48 percent, 10 percent, and 30 percent, respectively, of the District's total investments.

5. PROPERTY TAXES

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years through 2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

Property taxes are levied and assessed on a calendar year basis, while the District's fiscal year runs from July through June. First-half tax distributions are received by the 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, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes for 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, 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 real and tangible personal property taxes for 2011 were levied after April 1, 2010, on the assessed values as of December 31, 2009, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

5. PROPERTY TAXES - (Continued)

Tangible personal property tax revenues received in calendar year 2011 (other than public utility property) represent the collection of calendar year 2011 taxes. Tangible personal property taxes for 2011 were levied after April 1, 2010, on the value as of December 31, 2009. Tangible personal property is currently assessed at 25 percent of true value. 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 District prior to June 30.

The District receives property taxes from Williams County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 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 2011 taxes were collected are:

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$196,733,460	73%	\$197,108,240	72%
Industrial/Commercial	68,906,560	25%	73,913,120	27%
Public Utility	4,126,790	1%	4,250,520	1%
Tangible Personal	1,247,230	1%		
Total Assessed Value	<u>\$271,014,040</u>	<u>100%</u>	<u>\$275,271,880</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$53.60		\$53.50	

6. SCHOOL INCOME TAX

The District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The permanent tax was approved by the voters on May 2006, and was effective January 1, 2007. 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 District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are credited to the General fund.

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance at 6/30/2010	Additions	Reductions	Balance at 6/30/2011
Governmental Activities:				
Land	\$684,640			\$684,640
Land Improvements	696,110	\$113,472		809,582
Buildings and Building Improvements	15,853,763	117,595		15,971,358
Furniture, Fixtures, and Equipment	2,810,219	98,229	\$7,047	2,901,401
Vehicles	1,456,842	23,315	21,038	1,459,119
Total Capital Assets	<u>\$21,501,574</u>	<u>\$352,611</u>	<u>\$28,085</u>	<u>\$21,826,100</u>

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

8. RISK MANAGEMENT

A. Comprehensive

The District maintains comprehensive insurance coverage with private carriers for general liability; property and equipment; umbrella liability coverage over employees; personal property; and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 90 percent coinsured. Settled claims have not exceeded the amount of commercial coverage in any of the past three years, and there has been no significant reduction in the amount of insurance coverage's 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 (Note 16) consisting of school districts within Defiance, Fulton, Henry, and Williams counties and other eligible governmental entities. The District pays 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 16). 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.

9. DEFINED PENSION BENEFIT PLANS

A. School Employees Retirement System

Plan Description - 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 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, by calling (800) 878-5853, or by visiting the SERS website at www.ohsers.org, under Employer/Audit Resources.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

9. DEFINED PENSION BENEFIT PLANS – (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute an actuarially determined rate. The District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2011, 11.81 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$322,554, \$317,938, and \$199,270 respectively; 51 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times 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 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, 2011, plan members are required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010 (latest information available), the portion used to fund pension obligations was 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation 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.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

9. DEFINED PENSION BENEFIT PLANS - (Continued)

District's required contributions for pension obligations to the STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$1,302,321, \$1,335,389, and \$1,272,630, respectively; 84 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2011, four members of the Board of Education have selected Social Security. The contribution rate is 6.2 percent of wages.

10. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The 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. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. 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.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2011, 2.19 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount. For 2011, the minimum compensation level was established at \$35,800. The District's SERS surcharge amount for 2011 was \$40,104.

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

The District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$79,160, \$48,302, and \$121,477 respectively; 51 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$20,757, \$18,907, and \$14,468, respectively; 51 percent has been contributed for fiscal year 2011 and 100 percent for fiscal year 2010 and 2009.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

10. POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$100,179, \$102,722, and \$97,895 respectively; 84 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

11. 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 76.5 days. For other noncertified employees, the amount paid to an employee upon retirement is limited to twenty-five percent of accumulated sick leave, up to a maximum of 25-40 days, depending on years of service.

As of June 30, 2011, the liability for compensated absences was \$1,794,977 for the entire District.

12. CAPITALIZED LEASES - LESSEE DISCLOSURE

The District has entered into capitalized leases for the acquisition of equipment.

The terms of the agreement provides an option to purchase the equipment. The lease meets the criteria of a capital lease as defined by Statement No. 13 of the Financial Accounting Standards Board (FASB), "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. These expenditures are reflected as program/function expenditures on the accompanying financial statements.

Capital assets acquired by the leases have been capitalized in an amount equal to the present value of the future minimum lease payments as of the date of their inception. Principal payments in the 2011 fiscal year totaled \$145,468.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

12. CAPITALIZED LEASES - LESSEE DISCLOSURE – (Continued)

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2011:

General Long-Term Obligations	
<u>Year Ending June 30,</u>	<u>Equipment</u>
2012	\$152,335
2013	93,629
2014	42,771
Total Future Minimum Lease Payments	288,735
Less: Amount Representing Interest	(16,833)
Present Value of Future Minimum Lease Payments	\$271,902

13. 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.

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Totals</u>
Set-Aside Cash Balance as of June 30, 2010	(\$265,649)		(\$265,649)
Current Year Set-Aside Requirements	291,510	\$291,510	583,020
Current Year Offsets		(291,510)	(1,408,157)
Qualifying Disbursements	(173,384)		(173,384)
Total	(147,523)		(\$1,264,170)
Cash Balance Carried Forward To FY 2012	(\$147,523)		

The District has qualifying cash disbursements during the fiscal year that reduced the textbooks set-aside amount to below zero. This amount may be used to reduce the set-aside requirement in future fiscal years.

14. CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2011.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

14. CONTINGENCIES – (Continued)

B. Litigation

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

15. 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 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 \$99,482. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, 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, Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, 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 Jennifer Bonner, Treasurer, at the Four County Career Center, at Route 1, Box 245A, Archbold, Ohio 43502.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

15. JOINTLY GOVERNED ORGANIZATIONS – (Continued)

D. 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 a 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 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.

E. Northwest Ohio Special Education Regional Resource Center

The Northwest Ohio Special Education Regional Resource Center (SERRC) is a jointly governed organization formed to provide services to families, educators, and agencies regarding educational law and curriculum and instruction for students with disabilities. The SERRC serves a thirteen county area in Northwest Ohio. The Governing Board consists of superintendents from each of the cooperating Districts, the fiscal agent superintendent, two parents of children with disabilities, one superintendent of a county board of MR/DD, one representative from a chartered non-public school, one representative from the University of Toledo, one representative from Bowling Green State University, one representative from a community school, and any other representatives from other agencies as designated by the Governing Board or the Ohio Department of Education. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Dave Michel, Eastwood Local School District, 4800 Sugar Ridge Road, Pemberville, Ohio 43450.

F. Northwest Ohio Regional Professional Development Center

The Northwest Ohio Regional Professional Development Center (RPDC) is a jointly governed organization among the school districts in Defiance, Erie, Fulton, Henry, Lucas, Ottawa, Sandusky, Williams, and Wood counties. The RPDC focuses on the implementation of academic content standards and the deployment of State initiatives. All activities reflect definition of high quality professional development, including job-embedded, connected to strategic goals, sustained, intensive skill building, and measurement of impact on student learning. The Center is governed by a fifteen member board made up of representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from the Northwest Ohio Regional Professional Development Center, 414 Emerald Street, 2nd Floor, Toledo, Ohio 43602.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

16. INSURANCE POOLS

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

The Northern Buckeye Education Council's Employee Insurance Benefits Program includes health, dental, 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 2011, the District contributed a total of \$1,955,959 for all four plans. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

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

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

The WCGRP'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 \$2,382 to WCGRP to cover the costs of administering the program.

17. INTERFUND TRANSACTIONS

During the year ended June 30, 2011, the General fund transferred \$57,558 to the Permanent Improvement fund to subsidize capital improvements.

18. RELATED PARTY TRANSACTIONS

Thomas Lingvai, a Board Member, is owner of Lingvai Excavating, a local company who performed various repair and construction projects to the District's grounds in 2011. The District remitted \$11,922 during 2011. The projects were approved at arm's length, with full knowledge by District officials, of Mr. Lingvai's interest, and Mr. Lingvai took no part in the deliberation or decision by District officials with respect to the projects.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

19. RESTATEMENT OF FUND BALANCE

For fiscal year 2011, the District modified its financial statements to reflect the modifications outlined in GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned. The statement also, requires certain funds to be included with the General fund.

The restatement due to the implementation of GASB Statement No. 54 had the following effect on fund balance of the major and nonmajor funds of the District as they were previously reported.

	General Fund	Other Governmental Funds
Fund Balance at, June 30, 2010	\$8,425,327	\$568,886
Change in Fund Structure	59,928	(59,928)
Adjusted Fund Balance at June 30, 2010	\$8,485,255	\$508,958

20. FUND BALANCE

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

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

Fund Balance	General	Permanent Improvement	Other Governmental	Total Governmental Funds
Restricted For:				
Regular Instruction			\$92,001	\$92,001
Special Instruction			58,748	58,748
Athletics			159,546	159,546
Food Service Operation			74,258	74,258
Total Restricted			384,553	384,553
Assigned for:				
Educational Activities	\$47,040			47,040
Unpaid Obligations (encumbrances)	121,372			121,372
Total Assigned	168,412			168,412
Committed For:				
Permanent Improvement		\$3,491,986		3,491,986
Unassigned	9,522,791			9,522,791
Total Fund Balance	\$9,691,203	\$3,491,986	\$384,553	\$13,657,742

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**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program - Cash Assistance	10.553	\$45,067	\$45,067
National School Lunch Program Cash Assistance	10.555	251,031	251,031
Non- Cash Assistance (Food Distribution)		<u>61,002</u>	<u>61,002</u>
Total National School Lunch Program		<u>312,033</u>	<u>312,033</u>
Total U.S. Department of Agriculture		<u>357,100</u>	<u>357,100</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
<u>Special Education Cluster:</u>			
Special Education Grants to States	84.027	390,531	408,251
ARRA - Special Education Grants to States	84.391	<u>180,427</u>	<u>191,045</u>
Total Special Education Grants to States		570,958	599,296
Special Education Preschool Grants	84.173	18,842	16,585
ARRA - Special Education Preschool Grants	84.392	<u>14,269</u>	<u>15,499</u>
Total Special Education Preschool Grants		<u>33,111</u>	<u>32,084</u>
Total Special Education Cluster		604,069	631,380
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	439,293	442,760
Title II-D Technology Grant	84.318	756	756
Education Jobs Fund	84.410	294,621	279,203
Safe and Drug-Free Schools and Communities State Grants	84.186		2,355
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	19,300	17,250
<u>Title I Cluster:</u>			
Title I Grants to Local Educational Agencies	84.010	235,228	234,062
ARRA - Title I Grants to Local Educational Agencies	84.389	<u>40,800</u>	<u>46,463</u>
Total Title I Cluster		276,028	280,525
Improving Teacher Quality State Grants	84.367	<u>80,189</u>	<u>80,074</u>
Total U.S. Department of Education		<u>1,714,256</u>	<u>1,734,303</u>
Totals		<u>\$2,071,356</u>	<u>\$2,091,403</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Bryan City School District (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 the governmental activities, each major fund, and the aggregate remaining fund information of Bryan City School District, Williams County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 4, 2012, wherein, we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles and the District adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Compliance and Other Matters

As part of reasonably assuring whether the 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 an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-001.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 4, 2012.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the audit committee, Board of Education, federal awarding agencies, and pass-through entities and others within the District. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

January 4, 2012



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON 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, Williams County, Ohio (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 could directly and materially affect each of the District's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 Bryan City School District, Williams County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We noted a matter involving federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated January 4, 2012.

We intend this report solely for the information and use of the audit committee, management, Board of Education, others within the District, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

January 4, 2012

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control 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(a)?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster – CFDA #84.027, 84.173, 84.391, 84.392 Education Jobs Fund – CFDA #84.410 ARRA - State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act – CFDA #84.394
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

FINDING NUMBER 2011-001

Noncompliance Citation

Ohio Revised Code, § 117.38, provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Administrative Code, § 117-2-03 (B), which further clarifies the requirements of Ohio Revised Code § 117.38, requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

For 2011, the District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the cash basis of accounting. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between the District's accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

We recommend the District take the necessary steps to ensure the financial report is prepared in accordance with generally accepted accounting principles

Officials' Response:

Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

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, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (B) – requires the District to prepare its annual financial report in accordance with generally accepted accounting principles.	No	Not Corrected. Reissued as finding 2011-001 in this report.

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

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

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 procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Bryan City School District (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We noted the Board amended its anti-harassment policy at its meeting on December 20, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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.

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

Dave Yost
Auditor of State

January 4, 2012

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Dave Yost • Auditor of State

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
JANUARY 19, 2012**