

***STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO***

AUDIT REPORT

For the Year Ended June 30, 2011

Charles E. Harris & Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

Board of Education
Stryker Local School District
400 South Defiance St.
Stryker, Ohio 43557

We have reviewed the *Independent Accountants' Report* of the Stryker Local School District, Williams County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

March 20, 2012

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STRYKER LOCAL SCHOOL DISTRICT
AUDIT REPORT
For the Year Ended June 30, 2011

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT

Stryker Local School District
Williams County
400 South Defiance Street
Stryker, Ohio 43557

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Stryker Local School District, Williams County, Ohio, as of June 30, 2011, and the respective changes in financial position thereof and the budgetary comparison for the General Fund and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 21, the District implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2011 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the managements' discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting 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 assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Stryker Local School District's financial statements as a whole. The accompanying schedule of federal award expenditures is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The schedule of federal award expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Charles E. Harris

Charles E. Harris & Associates, Inc.
December 26, 2011

**STRYKER LOCAL 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 Stryker Local 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 \$362,553.

General revenues accounted for \$4,750,660, or 81 percent of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for \$1,132,303, or 19 percent of total revenues of \$5,882,963.

The District's major funds include the General Fund and the Bond Retirement Fund.

The General Fund had \$4,354,995 in revenues and \$4,136,793 in expenditures. The General Fund's balance increased \$218,202 from the prior fiscal year.

The Bond Retirement Fund had \$445,155 in revenues and \$408,135 in expenditures. The Bond Retirement Fund's balance increased \$37,020 from the prior fiscal year.

Revenue generated from the General Fund is used to pay for the current portion of debt.

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.

The District's major funds include the General Fund and the Bond Retirement Fund.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2011
Unaudited
(Continued)**

Reporting the District as a Whole

The statement of net assets and the statement of activities reflect how the District did financially during fiscal year 2011. These statements include all assets and liabilities using the accrual basis of accounting similar to which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the District discloses a single type of activity, governmental activities. 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 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 funds include the General Fund and the Bond Retirement Fund.

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 year end for spending in future periods. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. 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.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help make this comparison between governmental funds and governmental activities.

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 accrual basis of accounting.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2011
Unaudited
(Continued)**

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. The District's increase in general revenues aided the decrease in current liabilities.

**Table 1
Net Assets
Governmental Activities**

	2011	2010
<u>Assets:</u>		
Current and Other Assets	\$3,619,831	\$3,084,014
Capital Assets, Net	14,791,582	15,128,801
Total Assets	18,411,413	18,212,815
<u>Liabilities:</u>		
Current and Other Liabilities	1,780,176	1,696,155
Long-Term Liabilities	5,860,335	6,108,311
Total Liabilities	7,640,511	7,804,466
<u>Net Assets:</u>		
Invested in Capital Assets, Net of Related Debt	9,363,511	9,481,652
Restricted	839,683	611,943
Unrestricted	567,708	314,754
Total	\$10,770,902	\$10,408,349

The decrease in Capital Assets, Net was from depreciation.

Table 2 reflects the changes in net assets for fiscal year 2011, compared to fiscal year 2010. The increase in general revenue was attributed to increase in income tax revenue, grant revenue, and interest.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2011
Unaudited
(Continued)**

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

	<u>2011</u>	<u>2010</u>
<u>Revenues:</u>		
Program Revenues:		
Charges for Services and Sales	\$472,166	\$448,142
Operating Grants, Contributions and Interest	660,137	666,112
Total Program Revenues	<u>1,132,303</u>	<u>1,114,254</u>
General Revenues:		
Property Taxes	1,535,368	1,416,252
Income Taxes	778,854	711,878
Grants and Entitlements	2,371,349	2,542,194
Interest	5,683	8,768
Gifts and Donations	20,239	14,224
Miscellaneous	39,167	27,785
Total General Revenues	<u>4,750,660</u>	<u>4,721,101</u>
Total Revenues	<u>5,882,963</u>	<u>5,835,355</u>
<u>Expenses:</u>		
Instruction	3,110,760	3,273,981
Support Services:		
Pupils	167,332	182,051
Instructional Staff	280,962	227,694
Board of Education	18,165	59,758
Administration	409,795	338,219
Fiscal	209,094	172,339
Business	15,327	7,664
Operation and Maintenance of Plant	400,683	298,242
Pupil Transportation	178,153	172,357
Central	36,142	29,982
Non-Instructional	215,327	205,703
Extracurricular Activities	212,807	187,523
Interest and Fiscal Charges	265,863	267,057
Total Expenses	<u>5,520,410</u>	<u>5,422,570</u>
Increase/(Decrease) in Net Assets	<u>\$362,553</u>	<u>\$412,785</u>

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, 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.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2011
Unaudited
(Continued)**

**Table 3
Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
Instruction	\$3,110,760	\$2,435,005	\$3,273,981	\$2,570,418
Support Services:				
Pupils	167,332	167,332	182,051	181,112
Instructional Staff	280,962	237,363	227,694	181,920
Board of Education	18,165	18,165	59,758	59,758
Administration	409,795	406,042	338,219	338,219
Fiscal	209,094	209,094	172,339	172,339
Business	15,327	15,327	7,664	7,664
Operation and Maintenance of Plant	400,683	318,210	298,242	233,877
Pupil Transportation	178,153	178,153	172,357	154,748
Central	36,142	7,592	29,982	24,982
Non-Instructional	215,327	9,953	205,703	10,436
Extracurricular Activities	212,807	120,008	187,523	105,786
Interest and Fiscal Charges	265,863	265,863	267,057	267,057
Total Expenses	<u>\$5,520,410</u>	<u>\$4,388,107</u>	<u>\$5,422,570</u>	<u>\$4,308,316</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 78 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 79 percent. The remaining 21 percent are derived from tuition and fees, specific grants, and donations.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of \$5,795,089 and expenditures of \$5,431,167. The overall change in fund balance was an increase of \$363,922. This increase was almost entirely related to changes which occurred within the general fund.

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 expenditures were budgeted at \$4,307,763 while actual expenditures were \$4,202,056. The \$105,707 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

At the end of fiscal year 2011, the District had \$14,791,582 invested in capital assets (net of accumulated depreciation) for governmental activities.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2011
Unaudited
(Continued)**

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

Debt

At June 30, 2011, the District had \$5,527,840 in school improvement general obligation bonds, capital appreciation bonds and accretion on bonds for construction and building improvements. The bonds were issued in the amount of \$6,015,000 for a twenty-eight year period, with final maturity on January 15, 2035. Also, the District had \$34,733 in notes payable. The notes were issued for a fifteen year period, with final maturity on September 1, 2014. The notes are being retired through the General Fund.

At June 30, 2011, the District's overall legal debt margin was \$1,364,004 with an un-voted debt margin of \$57,822.

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

Current Issues

The District is holding its own in the state of a declining economy and uncertainty in State funding. Stryker is a small rural community of 1,341 people in Northwest Ohio. It has a number of small and medium businesses with agriculture having a major contributing influence on the economy.

The District is currently operating in the first year of the state biennium budget. 50 percent of District revenue sources are from local funds, 44 percent is from state funds and the remaining 9 percent is from federal funds. The total expenditure per pupil was calculated at \$8,882.

Over the past several years, the District has remained in a good financial position. In May 2006, the District passed an additional .25% income tax that will generate 128,000 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 revised. The District will need to come back to the community for additional operating funds in the very near future due to reduce state funding, skyrocketing insurance premiums, rising utilities and basic operation increases, to a name a few.

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 Richelle Oberlin/CFO, Stryker Local School District, 400 South Defiance Street, Stryker, Ohio 43557-9491.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Net Assets
June 30, 2011**

		Governmental Activities
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$	1,516,785
Materials and Supplies Inventory		7,612
Accrued Interest Receivable		796
Accounts Receivable		148
Intergovernmental Receivable		173,318
Prepaid Items		1,786
Taxes Receivable		1,594,629
Income Taxes Receivable		324,757
Capital Assets:		
Non-Depreciable Capital Assets		338,751
Depreciable Capital Assets, net		14,452,831
Total Assets		<u>18,411,413</u>
LIABILITIES:		
Accrued Wages and Benefits		295,548
Intergovernmental Payable		100,030
Matured Compensated Absences Payable		20,169
Deferred Revenue		1,364,429
Long-Term Liabilities:		
Due Within One Year		225,341
Due in More Than One Year		5,634,994
Total Liabilities		<u>7,640,511</u>
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt		9,363,511
Restricted for Debt Service		367,827
Restricted for Capital Outlay		167,399
Restricted for Other Purposes		304,457
Unrestricted		567,708
Total Net Assets	\$	<u><u>10,770,902</u></u>

See Accompanying Notes to the Basic Financial Statements

**STRYKER LOCAL 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	\$ 2,329,185	\$ 276,751	\$ 266,028
Special	435,210		130,594
Vocational	419		2,382
Adult/Continuing	3,850		
Student Intervention Services	342,096		
Support Services:			
Pupils	167,332		
Instructional Staff	280,962		
Board of Education	18,165		
Administration	409,795		
Fiscal	209,094		
Business	15,327		
Operation and Maintenance of Plant	400,683	1,400	
Pupil Transportation	178,153		
Central	36,142		
Operation of Non-Instructional Services	215,327	101,216	
Extracurricular Activities	212,807	92,799	
Debt Service:			
Interest and Fiscal Charges	265,863		
Totals	\$ 5,520,410	\$ 472,166	\$ 660,137

General Revenues:

Taxes:	
Property Taxes, Levied for General Purposes	1,070,938
Property Taxes, Levied for Capital Outlay	185,453
Property Taxes, Levied for Debt Service	278,977
Income Taxes	778,854
Grants and Entitlements not Restricted to Specific Programs	2,371,349
Gifts and Donations	20,239
Investment Earnings	5,683
Miscellaneous	39,167
Total General Revenues	4,750,660
Change in Net Assets	362,553
Net Assets Beginning of Year	10,408,349
Net Assets End of Year	\$ 10,770,902

See Accompanying Notes to the Basic Financial Statements

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**Balance Sheet
Governmental Funds
June 30, 2011**

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 872,617	\$ 325,574	\$ 293,624	\$ 1,491,815
Materials and Supplies Inventory			7,612	7,612
Accrued Interest Receivable	796			796
Accounts Receivable	148			148
Intergovernmental Receivable			173,318	173,318
Prepaid Items	1,559		227	1,786
Taxes Receivable	1,095,856	289,948	208,825	1,594,629
Income Taxes Receivable	324,757			324,757
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	24,970			24,970
Total Assets	\$ 2,320,703	\$ 615,522	\$ 683,606	\$ 3,619,831
Liabilities				
Current Liabilities:				
Accrued Wages and Benefits	283,870		11,678	295,548
Intergovernmental Payable	95,053		4,977	100,030
Matured Compensated Absences Payable	20,169			20,169
Deferred Revenue	1,070,608	266,583	322,880	1,660,071
	<u>1,469,700</u>	<u>266,583</u>	<u>339,535</u>	<u>2,075,818</u>
Fund Balances				
Nonspendable	1,559		7,839	9,398
Restricted	24,970	348,939	336,786	710,695
Assigned	16,212			16,212
Unassigned	808,262		(554)	807,708
Total Fund Balances	851,003	348,939	344,071	1,544,013
Total Liabilities and Fund Balances	\$ 2,320,703	\$ 615,522	\$ 683,606	\$ 3,619,831

See Accompanying Notes to the Basic Financial Statements

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
June 30, 2011**

Total Governmental Fund Balances	\$	1,544,013
Amounts reported for governmental activities on the statement of net assets are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		14,791,582
Taxes Receivable that do not provide financial resources are not reported as revenues in governmental fund.		295,642
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:		
Capital Leases Payable	(18,338)	
General Obligation and Capital Appreciation Bonds Payable and Accretion	(5,562,573)	
Compensated Absences Payable	<u>(279,424)</u>	
		<u>(5,860,335)</u>
Net Assets of Governmental Activities	\$	<u><u>10,770,902</u></u>

See Accompanying Notes to the Basic Financial Statements

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011**

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Property and Other Local Taxes	\$ 1,065,986	\$ 277,254	\$ 171,726	\$ 1,514,966
Income Tax	651,401	126,551		777,952
Intergovernmental	2,313,101	41,350	610,465	2,964,916
Interest	5,620		63	5,683
Tuition and Fees	276,751			276,751
Rent	1,400			1,400
Extracurricular Activities	936		91,863	92,799
Gifts and Donations	786		19,453	20,239
Customer Sales and Services			101,216	101,216
Miscellaneous	39,014		153	39,167
Total Revenues	<u>4,354,995</u>	<u>445,155</u>	<u>994,939</u>	<u>5,795,089</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	1,978,507		160,647	2,139,154
Special	265,569		162,225	427,794
Vocational	264			264
Adult/Continuing			3,850	3,850
Student Intervention Services	342,096			342,096
Support Services:				
Pupils	146,917			146,917
Instructional Staff	208,160		69,165	277,325
Board of Education	18,165			18,165
Administration	394,238		3,816	398,054
Fiscal	193,939	9,225	4,107	207,271
Business	15,327			15,327
Operation and Maintenance of Plant	231,847		176,944	408,791
Pupil Transportation	158,650		1,987	160,637
Central	30,150		5,992	36,142
Operation of Non-Instructional Services			204,080	204,080
Extracurricular Activities	113,003		82,385	195,388
Capital Outlay			11,041	11,041
Debt Service:				
Principal	39,078	180,000		219,078
Interest	883	218,910		219,793
Total Expenditures	<u>4,136,793</u>	<u>408,135</u>	<u>886,239</u>	<u>5,431,167</u>
Excess of Revenues Over (Under) Expenditures	<u>218,202</u>	<u>37,020</u>	<u>108,700</u>	<u>363,922</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In			22,888	22,888
Transfers Out			(22,888)	(22,888)
Total Other Financing Sources and Uses	-	-	-	-
Net Change in Fund Balances	218,202	37,020	108,700	363,922
Fund Balance (Deficit) at Beginning of Year - Restated	632,801	311,919	235,371	1,180,091
Fund Balance (Deficit) at End of Year	<u>\$ 851,003</u>	<u>\$ 348,939</u>	<u>\$ 344,071</u>	<u>\$ 1,544,013</u>

See Accompanying Notes to the Basic Financial Statements

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement Activities
For the Fiscal Year Ended June 30, 2011**

Net Change in Fund Balances - Total Governmental Funds \$ 363,922

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current year.

Capital Outlay - Depreciable Capital Assets	66,466	
Depreciation	(370,081)	
		(303,615)

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a gain (loss) on disposal of capital assets on the statement of activities.

Gain (Loss) on Disposal of Capital Assets		(33,604)
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Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Intergovernmental	66,570	
Income Taxes	902	
Delinquent Property Taxes	20,402	
		87,874

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statements of activities.		219,078
--	--	---------

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities.		(46,070)
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Some expenses reported on the statement of activities, such as compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:

Compensated Absences Payable		74,968
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Change in Net Assets of Governmental Activities		\$ <u><u>362,553</u></u>
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See Accompanying Notes to the Basic Financial Statements

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
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>
REVENUES:				
Property and Other Local Taxes	\$ 1,100,677	\$ 1,067,408	\$ 1,067,408	-
Income Tax	621,611	618,463	618,463	-
Intergovernmental	2,309,104	2,313,101	2,313,101	-
Interest	10,000	5,911	6,137	226
Tuition and Fees	188,974	268,669	268,669	-
Rent	-	1,400	1,400	-
Extracurricular Activities	1,000	104	104	-
Miscellaneous	3,000	1,724	1,736	12
Total Revenues	<u>4,234,366</u>	<u>4,276,780</u>	<u>4,277,018</u>	<u>238</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	1,967,688	2,074,975	2,036,014	38,961
Special	196,669	263,913	260,520	3,393
Vocational		14	278	(264)
Student Intervention Services	393,188	332,555	342,104	(9,549)
Other	500	500		500
Support Services:				
Pupils	181,890	159,064	153,973	5,091
Instructional Staff	207,171	213,533	204,004	9,529
Board of Education	38,518	27,318	18,717	8,601
Administration	404,227	410,877	388,063	22,814
Fiscal	207,974	195,966	194,583	1,383
Business	7,663	7,663	15,327	(7,664)
Operation and Maintenance of Plant	282,124	247,439	230,846	16,593
Pupil Transportation	169,412	172,369	174,796	(2,427)
Central	41,561	41,561	30,155	11,406
Extracurricular Activities	114,478	114,552	112,517	2,035
Capital Outlay	278			-
Debt Service:				
Principal	22,175	22,175	21,589	586
Interest	302	302	883	(581)
Total Expenditures	<u>4,235,818</u>	<u>4,284,776</u>	<u>4,184,369</u>	<u>100,407</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,452)</u>	<u>(7,996)</u>	<u>92,649</u>	<u>100,645</u>
Other Financing Sources and Uses:				
Transfers In		5,000	5,000	-
Advances In		31,639	31,639	-
Refund of Prior Year Expenditures	23,000	30,186	30,186	-
Transfers Out		(6,000)	(5,000)	1,000
Advances Out	(300)	(300)		300
Total Other Financing Sources and Uses	<u>22,700</u>	<u>60,525</u>	<u>61,825</u>	<u>1,300</u>
Net Change in Fund Balances	21,248	52,529	154,474	101,945
Fund Balance (Deficit) at Beginning of Year	687,405	687,405	687,405	-
Prior Year Encumbrances Appropriated	19,522	19,522	19,522	-
Fund Balance (Deficit) at End of Year	<u>\$ 728,175</u>	<u>\$ 759,456</u>	<u>\$ 861,401</u>	<u>\$ 101,945</u>

See Accompanying Notes to the Basic Financial Statements

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011**

	<u>Agency Fund</u>
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ <u>16,291</u>
Total Assets	<u>16,291</u>
Liabilities	
Current Liabilities:	
Due to Students	<u>16,291</u>
Total Liabilities	\$ <u><u>16,291</u></u>

See Accompanying Notes to the Basic Financial Statements

**STRYKER LOCAL 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

Stryker Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Stryker Local School District is a local school district as defined by §3311.22 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's one instructional/support facilities staffed by 21 non-certified and 32 certified full-time teaching personnel who provide services to 453 students and other community members.

The Reporting Entity

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

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

The District is associated with organizations, which are defined as jointly governed organizations and group purchasing pools. These organizations include the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Northern Buckeye Education Council's Employee Insurance Benefits Program, the Northern Buckeye Education Council Workers' Compensation Group Rating Plan and the Ohio School Plan. These organizations are presented in Notes 17 and 18 to the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

The statement of net assets presents the financial condition of the governmental activities of the District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

During the 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 and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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 various funds of the District are grouped into the categories governmental and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The District has two 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.

Bond Retirement Fund - The Bond Retirement Fund is used to account for property tax revenues to pay the principal and related interest on the school improvement bonds.

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.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

Fiduciary Funds

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

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) of total net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

Revenues - Exchange and Non-exchange Transactions

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, income taxes, grants, investment earnings, tuition, and student fees.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On the governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

E. Budgetary Process

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 tax budget demonstrates a need for existing or increased tax rates. 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 primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by the Board of Education. Budgetary allocations at the fund level in all funds are made by the Treasurer.

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

The 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.

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2011, investments included nonnegotiable certificates of deposit and STAR Ohio. Nonnegotiable certificates of deposit are reported at cost.

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 \$5,620 and \$63 to all other governmental funds.

For presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

G. Prepaid Items

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

H. Inventory

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventory consists of donated and purchased food.

I. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributor's grantors, or laws of other government or imposed by enabling legislation. Restricted assets include the amount required by State statute to be set aside for the textbooks and instructional materials.

J. Capital Assets

General capital assets are those assets not specifically related to activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District's capitalization threshold is one thousand five hundred dollars. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	15 - 30 years
Buildings and Building Improvements	30 - 50 years
Furniture, Fixtures, and Equipment	5 - 20 years
Vehicles	5 - 15 years

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

J. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the statement of net assets, except for any net residual amounts due between governmental activities, which are presented as internal balances.

K. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for all employees after twenty years of service and for all employees who have 15 years of service at age 45, 10 years of service at age 50, and 5 years of service at age 60.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those 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.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

N. 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:

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, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

O. Interfund Activities

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

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

P. Estimates

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

Q. Pass-Through Grants

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2011.

3. BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and fund financial statements are the following:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

4. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
5. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance Major Governmental Fund	
GAAP Basis	\$218,202
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2010, Received In Cash FY 2011	319,832
Accrued FY 2011, Not Yet Received in Cash	(386,135)
Expenditure Accruals:	
Accrued FY 2010, Paid in Cash FY 2011	(430,513)
Accrued FY 2011, Not Yet Paid in Cash	425,863
Funds budgeted elsewhere	512
Transfers Net	1,856
Advances Net	31,639
Encumbrances Outstanding at Year End (Budget Basis)	(26,782)
Budget Basis	\$154,474

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;

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2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and 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 only through eligible institutions; and
7. The State Treasurer's investment pool (STAR Ohio).

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. Investments may only be made through specified dealers and institutions.

Deposits

At June 30, 2011, the carrying amount of all District deposits was \$1,532,637. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, \$1,332,084 of the District's bank balance of \$1,582,084 was exposed to custodial risk as discussed below, while \$250,000, was covered by Federal Deposit Insurance Corporation.

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial risk beyond the requirements of State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasury or qualified trustee. 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.

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

Investments

As of June 30, 2011, the District had the following investments.

	Balance at Fair Value	Investment Maturities 6 months or less
STAR Ohio	\$439	\$439
Total Investments	\$439	\$439

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The District's investment policy addresses interest rate risk by requiring that the District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk – Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy that would further limit its investment choices.

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 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 Treasury or qualified trustee.

Concentration of Credit Risk – The District places no limit on the amount that may be invested in any one issuer, however state statute limits investments in commercial paper and bankers' acceptance to 25 percent of interim monies available for investment at any one time. The following table includes the percentage of each investment type held by the District at June 30, 2011:

STAR Ohio	100%	100%
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Reconciliation of Cash and Investment to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the financial statement as of June 30, 2011:

<u>Cash and Investments per Footnote</u>	
Carrying amount of deposits	\$1,532,637
Investments	439
Total	\$1,533,076
 <u>Cash and Investments per Statement of Net Assets</u>	
Governmental Activities	\$1,516,785
Agency Funds	16,291
Total	\$1,533,076

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

5. PROPERTY TAXES

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.

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.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2011 operations. For the governmental fund financial statements, the receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance was recognized as revenue.

The amount available as an advance at June 30, 2011, was \$83,449 in the General Fund, \$23,365 in the Bond Retirement Fund, and \$20,342 in the Permanent Improvement Fund. The amount available as an advance at June 30, 2010, was \$84,871 in the General Fund, \$23,662 in the Bond Retirement Fund, and \$3,696 in the Permanent Improvement Fund.

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

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
Commercial/Industrial	\$7,512,120	13%	\$7,562,200	13%
Agricultural/Residential	45,953,100	80%	45,980,730	80%
Public Utility	4,208,590	7%	4,279,340	7%
Total Assessed Value	<u>\$57,673,810</u>	<u>100%</u>	<u>\$57,822,270</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$45.60		\$45.60	

6. INCOME TAX

The District levies a voted tax of 1.00 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1991, and is a continuing tax and is credited to the General Fund. The District levies a voted tax of .25 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2006, and is a continuing tax and is credited to the General Fund. Also, the District levies a .25 percent for the retirement of bonds, on the income of residents and of estates. The tax was effective on January 1, 2006, and is a continuing tax and is credited to the Bond Retirement Fund. 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 school district income tax return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund and Bond Retirement Fund.

7. RECEIVABLES

Receivables at June 30, 2011, consisted of taxes, accounts, interest, and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds

8. INTERFUND BALANCES

As of June 30, 2011, on the fund financial statements, there were no "Interfund Receivable/Payable" on the balance sheet.

9. TRANSFERS

Following is a summary of transfers for all funds at June 30, 2011:

Fund	Transfers In	Transfers Out
Nonmajor Governmental Funds:		
Capital Projects		\$22,888
Special Revenue	\$22,888	
Total Nonmajor Governmental Funds	<u>\$22,888</u>	<u>\$22,888</u>
Governmental Funds Totals	<u>\$22,888</u>	<u>\$22,888</u>

Transfers out of the OSFC Exceptional Need Construction and Capital Projects Funds were made in accordance with requirements of the OSFC project agreement.

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

10. CAPITAL ASSETS

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

	<u>Balance at 6/30/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/11</u>
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$338,751	\$-	\$-	\$338,751
Total Nondepreciable Capital Assets	<u>338,751</u>	<u>-</u>	<u>-</u>	<u>338,751</u>
Depreciable Capital Assets				
Land Improvements	167,334	14,515	16,121	165,728
Buildings and Building Improvements	16,145,514	10,152	7,070	16,148,596
Furniture, Fixtures, and Equipment	886,738	41,799	56,514	872,023
Vehicles	349,780	-	-	349,780
Total Depreciable Capital Assets	<u>17,549,366</u>	<u>66,466</u>	<u>79,705</u>	<u>17,536,127</u>
Less Accumulated Depreciation				
Land Improvements	202,379	2,661	-	205,040
Buildings and Building Improvements	1,914,216	300,202	-	2,214,418
Furniture, Fixtures, and Equipment	460,831	47,547	46,101	462,277
Vehicles	181,890	19,671	-	201,561
Total Accumulated Depreciation	<u>2,759,316</u>	<u>370,081</u>	<u>46,101</u>	<u>3,083,296</u>
Depreciable Capital Assets, Net	<u>14,790,050</u>	<u>(303,615)</u>	<u>33,604</u>	<u>14,452,831</u>
Governmental Activities Capital Assets, Net	<u>\$15,128,801</u>	<u>(\$303,615)</u>	<u>\$33,604</u>	<u>\$14,791,582</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$253,774
Special	2,845
Vocational	155
Support Services:	
Pupil	20,589
Instructional Staff	1,841
Administration	6,265
Fiscal	1,156
Operation and Maintenance of Plant	35,705
Pupil Transportation	19,251
Non-Instructional Services	12,848
Extracurricular	15,652
Total Depreciation Expense	<u>\$370,081</u>

**STRYKER LOCAL SCHOOL DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

11. DEFINED PENSION BENEFIT PLANS

A. School Employee Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current 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, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$85,624, \$72,319, and \$73,969, respectively; 54 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 plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2011, plan members were 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, the latest information available, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$254,904, \$260,593, and \$270,751, respectively; 84 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$606 made by the District and \$433 made by plan members.

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 Retirement System. As of June 30, 2011, two members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

12. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) 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, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. 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. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Media/Financial Reports".

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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 105(e). For 2010, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

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 \$9,581, \$21,489, and \$22,085 respectively; 54 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 2010, 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 \$5,092, \$3,874, and \$3,487, respectively; 54 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 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 \$19,608, \$18,614, and \$19,339, respectively; 84 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**STRYKER LOCAL SCHOOL DISTRICT
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13. OTHER EMPLOYEE BENEFITS

A. 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 5 to 25 days upon hiring. Teachers do not earn vacation time.

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 rated 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 30 percent of the accumulated sick leave to a maximum of 63 days, except that those employees who elect to retire within twelve months of the earliest permissible retirement date shall be paid 50 percent of the accumulated sick leave to maximum of 40 days.

B. Health Care Benefits

The District provides employee health care benefits through membership in the Northern Buckeye Education Council (NBEC). Monthly payments are made to NBEC for health, dental, and life insurance coverages. Vision insurance is provided through Vision Service Plan. The employees share the cost of the monthly premiums with the Board.

14. LONG-TERM OBLIGATIONS

During the year ended June 30, 2011, the following changes occurred in obligations reported in the Government - Wide Financial Statements:

	<u>Balance at 6/30/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/11</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
School Facilities Improvement Bonds, Series 2006A					
Serial Bonds	\$235,000	\$-	\$115,000	\$120,000	\$120,000
Term Bonds	3,695,000	-	-	3,695,000	-
Capital Appreciation Bonds	145,000	-	-	145,000	-
Accretion on Bonds	62,887	26,033	-	88,920	-
School Facilities Improvement Bonds, Series 2006B					
Serial Bonds	200,000	-	65,000	135,000	65,000
Term Bonds	1,215,000	-	-	1,215,000	-
Capital Appreciation Bonds	65,000	-	-	65,000	-
Accretion on Bonds	43,883	20,037	-	63,920	-
Notes Payable	56,322	-	21,589	34,733	22,003
Capital Leases Payable	35,827	-	17,489	18,338	18,338
Compensated Absences	354,392	79,424	154,392	279,424	-
Total Governmental Activities	<u>\$6,108,311</u>	<u>\$125,494</u>	<u>\$373,470</u>	<u>\$5,860,335</u>	<u>\$225,341</u>

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Debt outstanding at June 30, 2011 consisted of a school improvement note totaling \$18,338 (interest rates at June 30, 2011 were 1.90 percent). The note was issued in September 1999 and will mature in September 2014.

The District had school facilities bonds of \$3,960,000 (interest rates of 4.0 to 4.3 percent). The bonds were issued in December 2006 and will mature in January 2035.

The District had school facilities bonds of \$1,415,000 (interest rates of 4.0 to 4.2 percent). The bonds were issued in December 2006 and will mature in January 2030.

School Facilities Improvement Bonds, Series 2006A

Proceeds from the outstanding bonds were used for the purpose of constructing additions to and renovating and improving existing school buildings and facilities at the high school. These bonds were issued on November 20, 2006. The bonds consisted of \$4,240,000 in current interest bonds (\$545,000 issued as serial bonds and \$3,695,000 issued as term bonds) and \$145,000 in capital appreciation bonds.

The serial bonds shall bear interest at the rates per year and will mature in the principal amounts and on the following dates:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
January 15, 2012	\$120,000	4.00%

The term bonds which mature on January 15, 2019 (the 2019 Term Bonds), have an interest rate of 4 percent per year, and are subject to mandatory sinking fund redemption and payable pursuant Mandatory Sinking Fund Redemption Requirements in principal amounts on the Principal Payment Dates (each a Mandatory Redemption Date) as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
January 15, 2016	\$125,000
January 15, 2017	130,000
January 15, 2018	135,000

The balance of the principal of the 2019 Term Bonds (\$140,000) shall be payable at their maturity on January 15, 2019.

The term bonds which mature on January 15, 2023 (the 2023 Term Bonds), have an interest rate of 4 percent per year, and are subject to mandatory sinking fund redemption and payable pursuant Mandatory Sinking Fund Redemption Requirements in principal amounts on the Principal Payment Dates (each a Mandatory Redemption Date) as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
January 15, 2020	\$145,000
January 15, 2021	150,000
January 15, 2022	155,000

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The balance of the principal of the 2023 Term Bonds (\$160,000) shall be payable at their maturity on January 15, 2023.

The term bonds which mature on January 15, 2025 (the 2025 Term Bonds), have an interest rate of 4 percent per year, and are subject to mandatory sinking fund redemption and payable pursuant Mandatory Sinking Fund Redemption Requirements in principal amounts on the Principal Payment Dates (each a Mandatory Redemption Date) as follows:

Year	Principal Amount to be Redeemed
January 15, 2024	\$170,000

The balance of the principal of the 2025 Term Bonds (\$175,000) shall be payable at their maturity on January 15, 2025.

The term bonds which mature on January 15, 2027 (the 2027 Term Bonds), have an interest rate of 4 percent per year, and are subject to mandatory sinking fund redemption and payable pursuant Mandatory Sinking Fund Redemption Requirements in principal amounts on the Principal Payment Dates (each a Mandatory Redemption Date) as follows:

Year	Principal Amount to be Redeemed
January 15, 2026	\$185,000

The balance of the principal of the 2027 Term Bonds (\$190,000) shall be payable at their maturity on January 15, 2027.

The term bonds which mature on January 15, 2032 (the 2032 Term Bonds), have an interest rate of 4.2 percent per year, and are subject to mandatory sinking fund redemption and payable pursuant Mandatory Sinking Fund Redemption Requirements in principal amounts on the Principal Payment Dates (each a Mandatory Redemption Date) as follows:

Year	Principal Amount to be Redeemed
January 15, 2028	\$195,000
January 15, 2029	205,000
January 15, 2030	215,000
January 15, 2031	225,000

The balance of the principal of the 2032 Term Bonds (\$235,000) shall be payable at their maturity on January 15, 2032.

The term bonds which mature on January 15, 2035 (the 2035 Term Bonds), have an interest rate of 4.3 percent per year, and are subject to mandatory sinking fund redemption and payable pursuant Mandatory Sinking Fund Redemption Requirements in principal amounts on the Principal Payment Dates (each a Mandatory Redemption Date) as follows:

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

Year	Principal Amount to be Redeemed
January 15, 2033	\$240,000
January 15, 2034	255,000

The balance of the principal of the 2035 Term Bonds (\$265,000) shall be payable at their maturity on January 15, 2035.

The capital appreciation bonds were issued in the aggregate original principal amount of \$145,000 and mature on January 15 in the years, have the original principal amounts and mature with the accreted values at maturity, as follows:

Maturity Date	Original Principal Amount	Accreted Value at Maturity
2013	\$55,020	\$125,000
2014	48,038	125,000
2015	41,942	125,000

The value of the capital appreciation bonds reported at June 30, 2011 was \$145,000. The annual accretion of interest is based on the straight-line method, which approximates the equity interest method. Total accreted interest of \$88,920 has been included in the value. The bonds are being retired through the Bond Retirement Debt Service Fund.

School Facilities Improvement Bonds, Series 2006B

Proceeds from the outstanding bonds were used for the purpose of constructing additions to and renovating and improving existing school buildings and facilities at the high school. These bonds were issued on November 20, 2006. The bonds consisted of \$1,565,000 in current interest bonds (\$350,000 issued as serial bonds and \$1,215,000 issued as term bonds) and \$65,000 in capital appreciation bonds.

The serial bonds shall bear interest at the rates per year and will mature in the principal amounts and on the following dates:

Maturity Date	Principal Amount	Interest Rate
January 15, 2012	\$65,000	4.00%
January 15, 2013	70,000	4.00%

The term bonds which mature on January 15, 2021 (the 2021 Term Bonds), have an interest rate of 4 percent per year, and are subject to mandatory sinking fund redemption and payable pursuant Mandatory Sinking Fund Redemption Requirements in principal amounts on the Principal Payment Dates (each a Mandatory Redemption Date) as follows:

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

Year	Principal Amount to be Redeemed
January 15, 2018	\$75,000
January 15, 2019	75,000
January 15, 2020	80,000

The balance of the principal of the 2021 Term Bonds (\$80,000) shall be payable at their maturity on January 15, 2021.

The term bonds which mature on January 15, 2027 (the 2027 Term Bonds), have an interest rate of 4 percent per year, and are subject to mandatory sinking fund redemption and payable pursuant Mandatory Sinking Fund Redemption Requirements in principal amounts on the Principal Payment Dates (each a Mandatory Redemption Date) as follows:

Year	Principal Amount to be Redeemed
January 15, 2022	\$85,000
January 15, 2023	90,000
January 15, 2024	90,000
January 15, 2025	95,000
January 15, 2026	100,000

The balance of the principal of the 2027 Term Bonds (\$105,000) shall be payable at their maturity on January 15, 2027.

The term bonds which mature on January 15, 2030 (the 2030 Term Bonds), have an interest rate of 4.2 percent per year, and are subject to mandatory sinking fund redemption and payable pursuant Mandatory Sinking Fund Redemption Requirements in principal amounts on the Principal Payment Dates (each a Mandatory Redemption Date) as follows:

Year	Principal Amount to be Redeemed
January 15, 2028	\$110,000
January 15, 2029	115,000

The balance of the principal of the 2030 Term Bonds (\$115,000) shall be payable at their maturity on January 15, 2030.

The capital appreciation bonds were issued in the aggregate original principal amount of \$65,000 and mature on January 15 in the years, have the original principal amounts and mature with the accreted values at maturity, as follows:

Maturity Date	Original Principal Amount	Accreted Value at Maturity
2014	\$20,897	\$75,000
2015	17,432	75,000
2016	14,541	75,000
2017	12,130	75,000

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

The value of the capital appreciation bonds reported at June 30, 2011 was \$65,000. The annual accretion of interest is based on the straight-line method, which approximates the equity interest method. Total accreted interest of \$63,920 has been included in the value. The bonds are being retired through the Bond Retirement Debt Service Fund.

Total expenditures for interest for the above debt for the period ended June 30, 2011 was \$265,863.

The scheduled payments of principal and interest on the bonds and notes as of June 30, 2011 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$207,003	\$219,792	\$426,795
2013	137,750	212,178	349,928
2014	68,935	274,364	343,299
2015	59,374	332,575	391,949
2016	139,541	342,136	481,677
2017 – 2021	1,022,130	1,069,879	2,092,009
2022 – 2026	1,305,000	730,550	2,035,550
2027 - 2031	1,475,000	456,490	1,931,490
2032 – 2035	995,000	160,985	1,155,985
Total	<u>\$5,409,733</u>	<u>\$3,798,949</u>	<u>\$9,208,682</u>

The schedule on the yearly accretion of capital appreciation bonds, as of June 30, 2011 is as follows:

<u>Year Ending June 30,</u>	<u>Beginning Balance</u>	<u>Yearly Accretion</u>	<u>Ending Balance</u>
2012	\$152,840	\$53,019	\$205,859
2013	205,859	61,052	266,911
2014	266,911	70,349	337,260
2015	337,260	81,114	418,374
2016	418,374	46,626	465,000

15. In prior years, the District entered into capitalized lease agreement for the acquisition of transportation equipment. The lease meets the criteria of a capital lease as defined by the Financial Accounting Standards Board, 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. At inception, the capital lease transaction is accounted for as a capital asset addition and other financing source or non-operating revenue in the appropriate fund, with a corresponding liability recorded in the governmental activities statement of net assets.

Principal and interest payments in 2011 totaled \$17,489 and \$1,741, respectively, in the general fund, which is a major governmental fund. 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:

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

Fiscal Year Ending June 30,	Governmental Activities
2012	\$19,230
Total Future Minimum Lease Payments	19,230
Less: Amount Representing Interest	(892)
Present Value of Future Minimum Lease Payments	\$18,338

16. 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 acquisitions. Disclosure of this information is required by State statute.

	Textbooks	Capital Acquisition
Set-aside Cash Balance as of June 30, 2010	\$15,473	\$-
Current Year Set-aside Requirement	69,814	69,814
Current Year Qualifying Expenditures	(23,865)	(35,056)
Current Year Offsets	(36,452)	(96,908)
Total	\$24,970	(\$62,150)
Cash Balance Carried Forward to FY 2012	\$24,970	\$-
Set-aside balance June 30, 2011	\$24,970	\$-

Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. Although, the District had qualifying disbursements and offsets during the fiscal year that reduced the reduced the set-aside amount to below zero for capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future fiscal years. The negative balance is therefore not presented as being carried forward to future fiscal years.

17. 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, Williams, and Wood 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 its participating members, which consists of a representative from each member entity and a representative from the fiscal agent. Financial information can be obtained from Duane Baker, Executive Director, 22-900 State Route 34, Archbold, Ohio 43502.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (the Council) was established in 1979 to foster cooperation among school districts located in Defiance, Fulton, Henry, Lucas, Williams and Wood Counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member 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 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. Total disbursements made by the District to NBEC during the fiscal year were \$9,851. To obtain financial information write to the Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

C. Four County Career Center

The Four County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of five representatives from the Northwest Ohio Educational Service Center - one each from the counties of Defiance, Fulton, Henry, and Williams and one additional representative; one representative from each of the city school districts; one representative from each of the exempted village school districts. The Four County Career Center possesses its own budgeting and taxing authority. To obtain financial information write to the Four County Career Center, Jennifer Bonner, who serves as Treasurer, 22-900 State Route 34, Archbold, Ohio 43502.

18. GROUP PURCHASING POOLS

A. NBEC Employee Insurance Benefits Program

Northern Buckeye Education Council Employee Insurance Benefits Program (the Pool) is a public entity shared risk pool consisting of educational entities located in Defiance, Fulton, Henry, and Williams counties. The Pool is governed by the Northern Buckeye Education Council and its participating members. Total disbursements made by the District to NBEC for employee insurance benefits during this fiscal year were \$430,849. Financial information can be obtained from Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

B. NBEC WORKERS' COMPENSATION GROUP RATING PLAN

The District participates in a group-rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Workers' Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Education Council (NBEC) as an insurance purchasing pool. The WCGRP is governed by the Northern Buckeye Education Council and the participating members of the WCGRP. The Executive Director of the NBEC coordinates the management and administration of the program. During this fiscal year, the District paid an enrollment fee of \$474 to the WCGRP to cover the costs of administering the program.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

C. Ohio School Plan

The District belongs to the Ohio School Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 300 Ohio schools ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator's legal liability, automobile, and violence coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's specific deductible.

The Plan issues its own policies and reinsures the Plan with reinsurance carriers. Only if the Plan's paid liability loss ratio exceeds 65 percent and is less than 80 percent does the Plan contribute to paid claims. (See the Plan's audited financial statements on the website for more details.) The individual members are responsible for their self-retention (deductible) amounts, which vary from member to member.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available):

	2010	2009
Assets	\$3,859,753	\$3,662,470
Liabilities	1,732,921	1,729,914
Members' Equity	2,126,832	1,932,556

You can read the complete audited financial statements for The Ohio School Plan at the Plan's website, www.ohioschoolplan.org.

19. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets errors and omissions; and natural disasters. During fiscal year 2011 the District contracted with Hylant Administrative Services of the Ohio School Plan Insurance for various insurance coverages, as follows:

Insurance Provider	Coverage	Deductible
Ohio School Plan	Automobile	\$250/500
Ohio School Plan	Property	\$1,000
Ohio School Plan	Education Liability	\$2,500

A. Comprehensive

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 100 percent co-insured. Settled claims have not exceeded this commercial coverage in any of the past three years, and there have been no significant reductions in insurance coverage from last year.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

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 (see Note 17) consisting of school districts within Defiance, Fulton, Henry, Lucas, Williams and Wood Counties and other eligible governmental entities. The District pays monthly premiums to the Northern Buckeye Education Council for the benefits offered to its employees, which includes health, dental, and life insurance plans. The Northern Buckeye Education Council 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 (see Note 17). 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 premium, enrollment or other fees, and perform its obligations in accordance with the terms of the agreements.

20. 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.

B. Litigation

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

21. CHANGE IN BASIS OF ACCOUNTING

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.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

The fund balance restatements are as follows:

	General Fund	Bond Retirement Fund	Other Governmental Funds
Fund Balance, June 30, 2010	\$622,885	\$311,919	\$245,287
Reclassify Uniform School Supply Fund	3,217	-	(3,217)
Reclassify Principal Funds	6,699	-	(6,699)
Restated Fund Balance, June 30, 2010	<u>\$632,801</u>	<u>\$311,919</u>	<u>\$235,371</u>

22. 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	Bond Retirement Fund	Other Governmental	Total Governmental Funds
Nonspendable for:				
Prepaid Items	\$1,559	\$-	\$227	\$1,786
Materials and Supplies	-	-	7,612	7,612
Total Nonspendable	<u>1,559</u>	<u>-</u>	<u>7,839</u>	<u>9,398</u>
Restricted for:				
Textbooks	24,970	-	-	24,970
Special Education	-	-	40,209	40,209
Athletics	-	-	48,479	48,479
Food Service Operations	-	-	3,237	3,237
Facilities Maintenance	-	-	60,934	60,934
Debt Retirement	-	348,939	-	348,939
Permanent Improvements	-	-	152,716	152,716
OSFC	-	-	31,211	31,211
Total Restricted	<u>24,970</u>	<u>348,939</u>	<u>336,786</u>	<u>710,695</u>
Assigned for:				
School Supplies	1,548	-	-	1,548
Principal Funds	7,858	-	-	7,858
Encumbrances	6,806	-	-	6,806
Total Assigned	<u>16,212</u>	<u>-</u>	<u>-</u>	<u>16,212</u>
Unassigned	808,262	-	(554)	807,708
Total Fund Balance	<u>\$851,003</u>	<u>\$348,939</u>	<u>\$344,071</u>	<u>\$1,544,013</u>

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

23. ACCOUNTABILITY AND COMPLIANCE

Deficit Fund Balances

Fund balances at June 30, 2011 included the following individual fund deficits:

	<u>Deficit</u>
Nonmajor Funds	
Fiscal Stabilization	\$216
Title VI-B	261
Title I	77

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances in the funds result from adjustments for accrued liabilities.

STRYKER LOCAL SCHOOL DISTRICT
Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2011

Federal Grantor/Program Title	Pass Through Entity Number	CFDA Number	Receipts Recognized	Program Expenditures
<u>U.S. Department of Agriculture</u>				
Nutrition Cluster:				
Direct Program:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	n/a	10.555	\$ 29,826	\$ 29,826
Passed Through the Ohio Department of Education:				
Cash Assistance:				
National School Breakfast Program	n/a	10.553	8,960	8,960
National School Lunch Program	n/a	10.555	63,427	63,427
After School Snack	n/a	10.558	188	188
Total Nutrition Cluster			102,401	102,401
Total U.S. Department of Agriculture			102,401	102,401
 <u>U.S. Department of Education</u>				
Pass through Ohio Department of Education				
Special Education Cluster:				
ARRA - IDEA Part B	n/a	84.391	37,885	37,885
IDEA B	6BSF-11	84.027	92,682	92,682
Pre-School	6BSF-11	84.173	3,630	3,630
Total Special Education Cluster			134,197	134,197
Title I - Disadvantaged Children	C1S111	84.010	38,379	38,379
ARRA - Title I	n/a	84.389	26,569	26,569
ARRA - Title I Delinquent Children	n/a	84.013	34,346	34,346
Total Title I			99,294	99,294
Title II-A Improving Teacher Quality	TRS1-09	84.367	16,135	16,135
Total Title II-A			16,135	16,135
Race to the Top	n/a	84.412	992	992
Total Race to the Top			992	992
Educational Technology State Grants	n/a	84.318	128	128
Total Educational Technology State Grants			128	128
ARRA - Budget Stabilization	FY 10	84.394	6,048	-
ARRA - Budget Stabilization	FY 11	84.394	158,395	164,443
Total Budget Stabilization			164,443	164,443
REAP	FY 11	84.358	31,258	31,258
Total REAP Grant			31,258	31,258
Total U.S. Department of Education			446,447	446,447
Total Federal Expenditures			\$ 548,848	\$ 548,848

See accompanying Notes to the Schedule of Federal Awards Expenditures

STRYKER LOCAL SCHOOL DISTRICT
Williams County, Ohio
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2011

1. **Significant Accounting Policies**

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

2. **Food Distribution**

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2011, the District had immaterial food commodities in inventory.

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Stryker Local School District
Williams County
400 South Defiance Street
Stryker, Ohio 43557

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 the Stryker Local School District, (District), Williams County, Ohio, 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 December 26, 2011, wherein we noted the District implemented Governmental Accounting Standard Board 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 auditing procedures for the purpose of expressing our opinions 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.

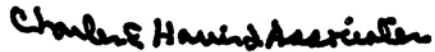
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies 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 to be 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the audit committee, the 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.

A handwritten signature in black ink that reads "Charles E. Harris". The signature is written in a cursive style.

Charles E. Harris and Associates, Inc.
December 26, 2011

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Stryker Local School District
Williams County
400 South Defiance Street
Stryker, Ohio 43557

To the Board of Education:

Compliance

We have audited the Stryker Local School District, Williams County, Ohio's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Stryker Local School District, Williams County, Ohio complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Stryker Local School District, Williams County, Ohio 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 internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 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.

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

Charles Harris Associates

CHARLES E. HARRIS & ASSOCIATES, INC.
December 26, 2011

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505**

**Stryker Local School District
Williams County
June 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Program's Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	ARRA-State Fiscal Stabilization Fund-CFDA# 84.394 Pre-School Grant CFDA #84.173 ARRA-IDEA Part B-CFDA # 84.391 IDEA Part B-CFDA# 84.027
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken or Finding No Longer Valid; Explain
2010-SLSD-01	Capital Assets reporting deficiency	Yes	Finding No Longer Valid.
2010-SLSD-02	Material Weakness – SAS 115 – Numerous Audit Adjustments Made	Yes	Finding No Longer Valid

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Stryker Local School District
Williams County
400 South Defiance Street
Stryker, Ohio 43557

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 Stryker Local School 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 of Education amended its anti-harassment policy at its meeting on February 22, 2011 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 of Education and management and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.

Charles E. Harris & Associates, Inc.
December 26, 2011

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Dave Yost • Auditor of State

STRYKER LOCAL 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
APRIL 3, 2012**