



Dave Yost • Auditor of State



STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Cash Basis.....	11
Statement of Activities – Cash Basis.....	12
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis – Governmental Funds .....	13
Statement of Receipts, Disbursements, and Changes In Fund Balance – Cash Basis – Governmental Funds.....	14
Statement of Receipts, Disbursements, and Changes in Fund Balances – Budgetary Basis – General Fund.....	15
Statement of Fiduciary Assets and Liabilities – Cash Basis – Fiduciary Funds .....	16
Notes to the Basic Financial Statements .....	17
Schedule of Federal Awards Receipts and Expenditures.....	42
Notes to the Schedule of Federal Awards Receipts and Expenditures .....	43
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	45
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by <i>OMB Circular A-133</i> .....	47
Schedule of Findings.....	49
Schedule of Prior Audit Findings.....	51

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Stryker Local School District  
Williams County  
400 South Defiance Street  
Stryker, Ohio 43557-9491

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Stryker Local School District, Williams County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Stryker Local School District, Williams County, Ohio, as of June 30, 2014, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

Ohio Administrative Code § 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Other Matters**

*Supplemental and Other Information*

We audited to opine on the District's financial statements that collectively comprise its basic financial statements.

*Management's Discussion and Analysis* includes tables of net position, changes in net position and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

The Schedule of Federal Awards Receipts and Expenditures also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

These tables and the Schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

Columbus, Ohio

December 29, 2014

**This page intentionally left blank.**



**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014**

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, 2014. 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 2014 are as follows:

In total, net position increased \$573,219.

General revenues accounted for \$5,309,208, or 82 percent of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$1,175,522, or 18 percent of total revenues of \$6,484,730.

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

The General Fund had \$4,806,661 in revenues and other financing sources and \$4,217,064 in expenditures and other financing uses. The General Fund's balance increased \$589,597 from the prior fiscal year.

The Bond Retirement Fund had \$448,713 in revenues and \$409,211 in expenditures. The Bond Retirement Fund's balance increased \$39,502 from the prior fiscal year.

**Using the Basic Financial Statements**

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

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

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

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

**Reporting the District as a Whole**

**Statement of Net Position and Statement of Activities**

The statement of net position and the statement of activities, both reported on the cash basis, reflect how the District performed financially during fiscal year 2014. These statements are reported on a cash basis of accounting which reflects receipts and disbursements when cash is received or disbursed.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
(Continued)**

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

**Reporting the District's Most Significant Funds**

Fund Financial Statements

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

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

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

**The District as a Whole**

Table 1 provides a summary of the District's net position for fiscal year 2014 compared to fiscal year 2013.

<b>Table 1</b>		
<b>Net Position - Cash Basis</b>		
<b>Governmental Activities</b>		
	<b>2014</b>	<b>2013</b>
<b><u>Assets:</u></b>		
Current and Other Assets	\$3,009,170	\$2,435,951
<b><u>Net Position:</u></b>		
Restricted	728,237	\$744,615
Unrestricted	2,280,933	1,691,336
Total	\$3,009,170	\$2,435,951

As mentioned previously, net position of governmental activities increased \$573,219 or 24% during 2014 which is down slightly from the 26% increase in 2013.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
(Continued)**

Table 2 reflects the changes in net position for fiscal year 2014 compared to fiscal year 2013.

**Table 2  
Change in Net Position - Cash Basis  
Governmental Activities**

	<u>2014</u>	<u>2013</u>
<b><u>Receipts:</u></b>		
Program Receipts:		
Charges for Services and Sales	\$344,354	\$378,094
Operating Grants, Contributions and Interest	831,168	482,276
Total Program Revenues	<u>1,175,522</u>	<u>860,370</u>
General Revenues:		
Property Taxes	1,941,913	1,864,727
Income Taxes	850,171	821,317
Grants and Entitlements	2,461,412	2,344,739
Gifts and Donations	4,942	8,277
Interest	4,495	4,566
Miscellaneous	22,584	20,609
Bonds and Notes Issued		740,900
Refund of Prior Year Expenditures	23,691	43,132
Total General Receipts	<u>5,309,208</u>	<u>5,849,267</u>
Total Receipts	<u>6,484,730</u>	<u>6,709,637</u>
<b><u>Disbursements:</u></b>		
Instruction	3,136,235	2,718,132
Support Services:		
Pupils	199,699	208,020
Instructional Staff	248,102	294,137
Board of Education	15,891	14,814
Administration	460,373	421,665
Fiscal	204,705	172,740
Business	11,979	12,471
Operation and Maintenance of Plant	416,797	378,814
Pupil Transportation	184,448	126,638
Central	49,045	64,588
Non-Instructional	180,960	210,096
Extracurricular Activities	197,965	177,514
Capital Outlay	39,887	829,091
Principal	348,550	352,921
Interest and Fiscal Charges	216,875	219,115
Total Disbursements	<u>5,911,511</u>	<u>6,200,756</u>
Increase in Net Position	<u>\$573,219</u>	<u>\$508,881</u>

Program receipts account for 18 percent of total receipts and are represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

The major program disbursements for governmental activities are for instruction, which accounts for 53 percent of all governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 11 percent of governmental disbursements. Maintenance of the District's facilities also represents a significant disbursement of 7 percent. The remaining 29 percent of the District's

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
(Continued)**

disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes, grants and entitlements.

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.

**Table 3  
Governmental Activities**

	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
Instruction	\$3,136,235	\$2,468,192	\$2,718,132	\$2,228,282
Support Services:				
Pupils	199,699	199,699	208,020	208,020
Instructional Staff	248,102	18,753	294,137	207,140
Board of Education	15,891	15,891	14,814	14,814
Administration	460,373	460,068	421,665	421,665
Fiscal	204,705	203,947	172,740	172,740
Business	11,979	11,979	12,471	12,471
Operation and Maintenance of Plant	416,797	413,986	378,814	378,096
Pupil Transportation	184,448	184,448	126,638	126,638
Central	49,045	39,255	64,588	63,604
Non-Instructional	180,960	3,255	210,096	24,701
Extracurricular Activities	197,965	111,204	177,514	81,088
Capital Outlay	39,887	39,887	829,091	829,091
Principal	348,550	348,550	352,921	352,921
Interest and Fiscal Charges	216,875	216,875	219,756	219,756
Total Disbursements	<u>\$5,911,511</u>	<u>\$4,735,989</u>	<u>\$6,200,756</u>	<u>\$5,340,386</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 80 percent. The remaining 20 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 cash basis of accounting. The District's major governmental funds are the General fund and the Bond Retirement fund. Total governmental funds had revenues and other financing sources of \$6,549,425 and expenditures and other financing uses of \$5,976,206. The net change in the General fund reflects an increase of \$589,597. The increase is a result of a higher net change in fund balance supported by higher property and intergovernmental receipts in 2014. The net change in fund balance in the Bond Retirement fund was an increase of \$39,502 or 9% which was less than the 18% in 2013. The change was a result of lower property receipts in 2014.

General Fund Budgeting Highlights

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
(Continued)**

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 2014, the District amended its General Fund budget as needed.

Final estimated revenues exceeded original estimated resources by \$312,941 (7%) mainly due to more property tax and intergovernmental revenues received than original estimates. Actual receipts exceeded final estimated receipts by \$251.

Final budget expenditures were more than original budget expenditures by \$5,315 (less than 1 %) Final expenditures and other financing uses were less than final budget expenditures by \$21,222 (less than 1 %).

**Debt Administration**

At June 30, 2014, the District had \$5,132,260 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-two year period, with final maturity on December 1, 2035. The bonds are being retired through the Bond Retirement Fund.

On August 1, 2012 the District entered into a lease purchase agreement with Huntington National Bank in the amount of \$542,000 to make improvements to the Athletic Complex Facility. At June 30, 2014, \$300,000 was outstanding on this agreement. Final payment will be made on July 1, 2017. The obligation is being retired through the Permanent Improvement Fund.

On February 15, 2013 the District entered into a Lease Purchase Agreement in the amount of \$199,900 with Fifth-Third Bank to purchase a bus barn. At June 30, 2014, \$135,429 was outstanding on this agreement. The Final payment will be made on February 15, 2017. The obligation is being retired through the Permanent Improvement Fund.

On August 3, 2013 the District entered into a Lease Purchase Agreement in the amount of \$41,500 with De Lage Landen Financial Services for the purpose of purchasing a special needs van. At June 30, 2014, \$30,792 was outstanding on this agreement. The Final payment will be made on August 3, 2016. The obligation is being retired through the Permanent Improvement Fund.

At June 30, 2014, the District's overall legal debt margin was \$39,232 with an un-voted debt margin of \$57,358.

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 1,327 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 received approximately 50 percent of District revenue sources from local funds, 41 percent from state funds and the remaining 9 percent is from federal funds. The total expenditure per pupil was calculated at \$8,161.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
(Continued)**

Over the past several years, the District has remained in a good financial position. In March 2012, the district passed a 5.8 mill emergency levy for operating expenses, which is expected to collect \$335,000 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 future due to reduced 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 POSITION - CASH BASIS  
JUNE 30, 2014

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ <u>3,009,170</u>
<b>Net Position:</b>	
Restricted for Debt Service	489,081
Restricted for Capital Outlay	151,374
Restricted for Other Purposes	87,782
Unrestricted	<u>2,280,933</u>
<i>Total Net Position</i>	\$ <u>3,009,170</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

		Program Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions		Governmental Activities
<b>Governmental Activities:</b>					
Instruction:					
Regular	\$ 2,482,698	\$ 164,486	\$ 222,259	\$	(2,095,953)
Special	612,524		226,004		(386,520)
Vocational	136		55,294		55,158
Adult/Continuing	1,000				(1,000)
Student Intervention Services	11,284				(11,284)
Other	28,593				(28,593)
Support Services:					
Pupils	199,699				(199,699)
Instructional Staff	248,102		229,349		(18,753)
Board of Education	15,891				(15,891)
Administration	460,373		305		(460,068)
Fiscal	204,705		758		(203,947)
Business	11,979				(11,979)
Operation and Maintenance of Plant	416,797	2,811			(413,986)
Pupil Transportation	184,448				(184,448)
Central	49,045		9,790		(39,255)
Operation of Non-Instructional Services	180,960	90,296	87,409		(3,255)
Extracurricular Activities	197,965	86,761			(111,204)
Capital Outlay	39,887				(39,887)
Debt Service:					
Principal	348,550				(348,550)
Interest and Fiscal Charges	216,875				(216,875)
<b>Totals</b>	<b>\$ 5,911,511</b>	<b>\$ 344,354</b>	<b>\$ 831,168</b>	<b>\$</b>	<b>(4,735,989)</b>

**General Receipts:**

Taxes:	
Property Taxes, Levied for General Purposes	1,429,037
Property Taxes, Levied for Capital Outlay	247,851
Property Taxes, Levied for Debt Service	265,025
Income Taxes	850,171
Grants and Entitlements not Restricted to Specific Programs	2,461,412
Gifts and Donations	4,942
Investment Earnings	4,495
Miscellaneous	22,584
Refund of Prior Year Expenditures	23,691
<b>Total General Receipts</b>	<b>5,309,208</b>
Change in Net Position	573,219
Net Position Beginning of Year	2,435,951
Net Position End of Year	<b>\$ 3,009,170</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ <u>2,280,933</u>	\$ <u>489,081</u>	\$ <u>239,156</u>	\$ <u>3,009,170</u>
<b>Fund Balances:</b>				
Restricted		489,081	148,257	637,338
Committed			90,899	90,899
Assigned	26,762			26,762
Unassigned	2,254,171			2,254,171
<i>Total Fund Balances</i>	\$ <u>2,280,933</u>	\$ <u>489,081</u>	\$ <u>239,156</u>	\$ <u>3,009,170</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<b>General Fund</b>	<b>Bond Retirement Fund</b>	<b>All Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Receipts:</b>				
Property and Other Local Taxes	\$ 1,429,037	\$ 265,025	\$ 247,851	\$ 1,941,913
Income Taxes	705,719	144,452		850,171
Intergovernmental	2,415,141	39,236	838,203	3,292,580
Investment Earnings	4,483		12	4,495
Tuition and Fees	164,486			164,486
Rent	2,811			2,811
Extracurricular Activities			78,180	78,180
Gifts and Donations	35		4,907	4,942
Customer Sales and Services	8,581		90,296	98,877
Miscellaneous	20,870		1,714	22,584
<i>Total Receipts</i>	4,751,163	448,713	1,261,163	6,461,039
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular	2,239,185		243,513	2,482,698
Special	376,769		235,755	612,524
Vocational	136			136
Adult/Continuing			1,000	1,000
Student Intervention Services	11,284			11,284
Other	28,593			28,593
Support Services:				
Pupils	199,699			199,699
Instructional Staff	46,225		201,877	248,102
Board of Education	15,891			15,891
Administration	460,068		305	460,373
Fiscal	191,143	7,701	5,861	204,705
Business	11,979			11,979
Operation and Maintenance of Plant	353,442		63,355	416,797
Pupil Transportation	134,840		49,608	184,448
Central	38,295		10,750	49,045
Operation of Non-Instructional Services			180,960	180,960
Extracurricular Activities	99,515		98,450	197,965
Capital Outlay			39,887	39,887
Debt Service:				
Principal		200,000	148,550	348,550
Interest		201,510	15,365	216,875
<i>Total Disbursements</i>	4,207,064	409,211	1,295,236	5,911,511
<i>Excess of Receipts Over (Under) Disbursements</i>	544,099	39,502	(34,073)	549,528
<b>Other Financing Sources and (Uses):</b>				
Transfers In			32,888	32,888
Advances In	31,807			31,807
Refund of Prior Year Expenditures	23,691			23,691
Transfers Out	(10,000)		(22,888)	(32,888)
Advances Out			(31,807)	(31,807)
<i>Total Other Financing Sources and (Uses)</i>	45,498		(21,807)	23,691
<i>Net Change in Fund Balances</i>	589,597	39,502	(55,880)	573,219
Fund Balances at Beginning of Year	1,691,336	449,579	295,036	2,435,951
<i>Fund Balances at End of Year</i>	\$ 2,280,933	\$ 489,081	\$ 239,156	\$ 3,009,170

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Receipts:</b>				
Property and Other Local Taxes	\$ 1,313,170	\$ 1,429,037	\$ 1,429,037	
Income Tax	681,752	705,719	705,719	
Intergovernmental	2,245,520	2,415,141	2,415,141	
Interest	4,360	4,232	4,483	\$ 251
Tuition and Fees	179,898	164,486	164,486	
Rent	718	2,811	2,811	
Gifts and Donations	1,810	35	35	
Customer Sales and Services	3,211	8,581	8,581	
Miscellaneous	19,898	20,870	20,870	
<i>Total Receipts</i>	<u>4,450,337</u>	<u>4,750,912</u>	<u>4,751,163</u>	<u>251</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular	2,213,615	2,185,473	2,242,688	(57,215)
Special	302,735	347,122	376,769	(29,647)
Vocational	240	240	136	104
Student Intervention Services	14,425	21,121	11,284	9,837
Other	64,797	74,408	28,593	45,815
Support Services:				
Pupils	212,536	212,485	199,699	12,786
Instructional Staff	39,413	54,009	46,225	7,784
Board of Education	16,950	16,690	19,350	(2,660)
Administration	457,572	466,115	460,068	6,047
Fiscal	200,363	197,890	195,043	2,847
Business	13,000	13,000	11,979	1,021
Operation and Maintenance of Plant	347,700	354,179	354,441	(262)
Pupil Transportation	157,347	140,786	136,332	4,454
Central	69,762	42,528	38,295	4,233
Extracurricular Activities				
Academic Oriented Activities	4,155	4,155	5,076	(921)
Sport Oriented Activities	90,294	88,498	86,986	1,512
School and Public Service Co-Curricular Activities	8,239	7,940	7,453	487
<i>Total Disbursements</i>	<u>4,213,143</u>	<u>4,226,639</u>	<u>4,220,417</u>	<u>6,222</u>
<i>Excess of Receipts Over Disbursements</i>	<u>237,194</u>	<u>524,273</u>	<u>530,746</u>	<u>6,473</u>
<b>Other Financing Sources and (Uses):</b>				
Advances In		31,807	31,807	
Refund of Prior Year Expenditures	43,132	23,691	23,691	
Transfers Out	(936)	(10,000)	(10,000)	
Advances Out	(32,245)	(15,000)		15,000
<i>Total Other Financing Sources and (Uses)</i>	<u>9,951</u>	<u>30,498</u>	<u>45,498</u>	<u>15,000</u>
<i>Net Change in Fund Balance</i>	247,145	554,771	576,244	21,473
<i>Fund Balance at Beginning of Year</i>	1,671,558	1,671,558	1,671,558	
Prior Year Encumbrances Appropriated	19,776	19,776	19,776	
<i>Fund Balance at End of Year</i>	<u>\$ 1,938,479</u>	<u>\$ 2,246,105</u>	<u>\$ 2,267,578</u>	<u>\$ 21,473</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS  
FIDUCIARY FUND  
JUNE 30, 2014

	<u>Agency Fund</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ <u>17,999</u>
<b>Liabilities:</b>	
Due to Students	\$ <u>17,999</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, 2014  
(Continued)**

**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 18 non-certified and 34 certified full-time teaching personnel who provide services to 405 students and other community members.

**The Reporting Entity**

**A. Primary Government**

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

**B. Component Units**

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

**C. Jointly Governed Organizations and Purchasing Pools**

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

**A. Basis of Presentation**

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

**1. Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the cash balance of the governmental activities of the District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a basis or draws from the District's general receipts.

**2. Fund Financial Statements**

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

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

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

**B. Fund Accounting**

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

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

**1. Governmental Funds:**

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

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

Bond Retirement Fund - The Bond Retirement fund is used to account for the accumulation of resources for, and the payment of long-term debt principal, interest, and related costs.

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

**2. Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. 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 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 of operations. The District's Agency funds account for various student managed activities.

**C. Basis of Accounting**

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

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

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

**D. Budgetary Process**

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

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

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

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. Expenditures plus encumbrances may not legally exceed appropriations.

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

**E. Cash and Investments**

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

Investments of the District's cash management pool and investments with original maturity 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, 2014  
(Continued)**

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

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

During fiscal year 2014, investments included nonnegotiable certificates of deposit and STAR Ohio. Nonnegotiable certificates 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, 2014.

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 2014 amounted to \$4,483 and \$1,390, which were assigned from other District funds.

**F. Inventory and Prepaid Items**

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

**G. Capital Assets**

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

**H. Compensated Absences**

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

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

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**J. Long-Term Obligations**

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

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

**K. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. The District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. Interfund transfers and advances are reported as other financing sources/uses in governmental funds. Repayment from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

**L. Net Position**

Net position 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 grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to cash disbursement for specified purposes. The District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

**M. Fund Balance**

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

**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.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

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

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

**3. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a restricted, committed, or assigned fund balance (cash basis) and certain funds included in the General Fund as part of the GASB 54 requirements are not included in the budgetary statement.

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

<b>Net Change in Fund Balance</b>	<b>General Fund</b>
Cash Basis (as Reported)	\$589,597
Outstanding Encumbrances	(13,353)
Budgetary Basis	<u>\$576,244</u>

**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.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
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;
7. The State Treasurer's investment pool (STAR Ohio), and
8. Bankers' acceptance and commercial paper, if training requirements have been met.

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

Deposits

At June 30, 2014, the carrying amount of all District deposits was \$3,026,729. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$2,872,327 of the District's bank balance of \$3,198,644 was exposed to custodial risk as discussed below, while \$326,317, was covered by Federal Deposit Insurance Corporation.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

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.

Investments

As of June 30, 2014, the District had the following investments.

	<b>Cost</b>	<b>Investment Maturities 6 months or less</b>
STAR Ohio	\$440	\$440

Interest rate risk - 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, 2014:

STAR Ohio	100%	100%
-----------	------	------

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

Reconciliation of Cash and Investment to the Statement of Net Position

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, 2014:

<u>Cash and Investments per Footnote</u>	
Carrying amount of deposits	\$3,026,729
Investments	440
Total	<u>\$3,027,169</u>
<u>Cash and Investments per Statement of Net Position</u>	
Governmental Activities	\$3,009,170
Agency Funds	17,999
Total	<u>\$3,027,169</u>

**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 2014 represent the collection of calendar year 2013 taxes. Real property taxes for 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, 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.

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, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2014 taxes were collected are:

	<b>2013 Second- Half Collections</b>		<b>2014 First- Half Collections</b>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Commercial/Industrial	\$5,972,300	10%	\$5,976,300	10%
Agricultural/Residential	45,689,610	81%	45,870,040	80%
Public Utility	4,950,670	9%	5,511,380	10%
Total Assessed Value	<u>\$56,612,580</u>	<u>100%</u>	<u>\$57,357,720</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$45.60		\$45.60	

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**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. RISK MANAGEMENT**

**A. Comprehensive**

The District maintains comprehensive insurance coverage with the Ohio School Plan 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 fully insured.

The District joined together with other school districts in Ohio to participate in the Schools of Ohio Risk Authority a public entity insurance purchasing pool (Note 14). Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

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

**B. Employee Insurance Benefits Program**

The District participates in the Northern Buckeye Health Plan (NBHP), Northwest Division of OHI, a self insurance pool (Note 14), for insurance benefits to employees. The District pays monthly premiums to NBHP for the benefits offered to its employees, which includes health, dental, and life insurance. NBHP is responsible for the management and operations of the program. The agreement with NBHP provides for additional assessment to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from NBHP, 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 Health Plan, Northern Division of OHI Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 14). The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

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

**8. 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 visiting the SERS website at [www.ohsers.org](http://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 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended up to statutory maximum amounts by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$75,703, \$70,800, and \$81,732, respectively; 81 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**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 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).



**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

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

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

Funding Policy - For the fiscal year ended June 30, 2014, 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. 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, 2014, 2013, and 2012 were \$227,342, \$239,811, and \$248,591, respectively; 83 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$5,555 made by the District and \$4,365 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, 2014, one member of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**9. POSTEMPLOYMENT BENEFITS**

**A. School Employee Retirement System**

Postemployment Benefits – In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (STRS) administers two postemployment benefit plans.

Medicare Part B Plan – The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2013, 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, 2014, 2013, and 2012 were \$4,391, \$3,999, and \$4,827, respectively; 81 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

Health Care Plan – ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

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

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 401h. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is 0.14 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. State law provides that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$9,607, \$8,955, and \$10,507, respectively; 7 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**9. POSTEMPLOYMENT BENEFITS (Continued)**

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**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](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, 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, 2014, 2013, and 2012 were \$17,488, \$18,447, and \$19,122, respectively; 83 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**10. 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 participates in the Northern Buckeye Health Plan (NBHP), Northwest Division of OHI, a self insurance pool, for insurance benefits to employees. The District pays monthly premiums to NBHP for the benefits offered to its employees, which includes health, dental, vision, and life insurance. NBHP is responsible for the management and operations of the program. The agreement with NBHP provides for additional assessment to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from NBHP, a participant is responsible for any claims not processed and paid and any related administrative costs.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**11. LONG-TERM OBLIGATIONS**

During the year ended June 30, 2014, the following changes occurred in obligations reported in the Government -Wide Financial Statements:

	<u>Balance at 6/30/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/2014</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Athletic Complex Renovation - Lease Purchase Obligation	\$400,000		\$100,000	\$300,000	\$100,000
Bus Barn - Lease Purchase Obligation	183,979		48,550	135,429	\$49,753
Special Needs Van - Lease Purchase Obligation		\$41,500	10,708	30,792	10,046
School Facilities Improvement Bonds, Series 2006A					
Term Bonds	3,695,000			3,695,000	
Capital Appreciation Bonds	89,980		48,038	41,942	41,942
Accretion on Bonds	81,196	37,090	76,962	41,324	
School Facilities Improvement Bonds, Series 2006B					
Term Bonds	1,215,000			1,215,000	
Capital Appreciation Bonds	65,000		20,897	44,103	17,432
Accretion on Bonds	115,735	33,259	54,103	94,891	
<b>Total Governmental Activities</b>	<u><u>\$5,485,890</u></u>	<u><u>\$111,849</u></u>	<u><u>\$359,258</u></u>	<u><u>\$5,598,481</u></u>	<u><u>\$219,173</u></u>

The District had a lease purchase obligation for \$542,000 (interest rate of 2.85 percent). The obligation was entered into in August 2012 and will be retired in July 2017.

The District had a lease purchase obligation for \$199,900 (interest rate of 2.45 percent). The obligation was entered into in February 2013 and will mature in February 2017.

The District had a lease purchase obligation for \$41,500 (interest rate of 2.15 percent). The obligation was entered into in August 2013 and will mature in August 2016.

The District had outstanding school facilities bonds of \$3,695,000 (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 outstanding school facilities bonds of \$1,215,000 (interest rates of 4.0 to 4.2 percent). The bonds were issued in December 2006 and will mature in January 2030.

**Athletic Facility Renovations – Lease Purchase Obligation**

Proceeds from the agreement were used for the renovation of the District's athletic facilities at the District's sports complex. The agreement was executed on August 1, 2012. Payments are required annually, with the final payment due on July 1, 2017. The obligation is being retired through the Permanent Improvement Fund.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

**Bus Barn – Lease Purchase Obligation**

Proceeds from the agreement were used for the purchase of a building to house the District’s bus barn. The agreement was executed on February 15, 2013. Payments are required monthly, with the final payment due on February 15, 2017. The obligation is being retired through the Permanent Improvement Fund.

**Special Needs Van – Lease Purchase Obligation**

Proceeds from the agreement were used to purchase a special needs van. The agreement was executed on August 3, 2013. Payments are required annually, with the final payment due on August 3, 2016. The obligation is being retired through the Permanent Improvement Fund.

**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 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

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

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

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:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
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:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
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:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
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, 2014  
(Continued)**

**11. LONG-TERM OBLIGATIONS (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
2015	\$41,942	\$125,000

The value of the capital appreciation bonds reported at June 30, 2014 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 \$37,196 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 have matured.

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:

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.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

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
2015	\$17,432	\$75,000
2016	14,541	75,000
2017	12,130	75,000

The value of the capital appreciation bonds reported at June 30, 2014 was \$44,103. The annual accretion of interest is based on the straight-line method, which approximates the equity interest method. Total accreted interest of \$89,722 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, 2014 was \$216.875.



**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

The scheduled payments of principal and interest on the bonds and notes as of June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$219,173	\$408,213	\$627,386
2016	300,790	330,103	630,893
2017	287,303	325,645	612,948
2018	210,000	191,310	401,310
2019	215,000	182,910	397,910
2020 – 2024	1,205,000	778,750	1,983,750
2025 – 2029	1,475,000	516,740	1,991,740
2030 – 2034	1,285,000	215,450	1,500,450
2035	265,000	11,395	276,395
Total	<u>\$5,462,266</u>	<u>\$2,960,516</u>	<u>\$8,422,782</u>

**12. 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 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 capital acquisition. Disclosure of this information is required by State statute.

	<u>Capital Acquisition</u>
Set-aside Cash Balance as of June 30, 2013	
Current Year Set-aside Requirement	\$71,146
Current Year Offsets	(348,468)
Current Year Qualifying Expenditures	(33,838)
Total Restricted Assets	<u>\$(311,160)</u>
Cash Balance Carried Forward to FY 2014	<u>                    </u>

**13. JOINTLY GOVERNED ORGANIZATIONS**

**A. Northwest Ohio Computer Association**

The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, 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. The District paid \$14,908 to NWOCA for various services. Financial information can be obtained from Robin

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

Pfund, who serves as Treasurer, 22-900 State Route 34, Archbold, Ohio 43502.

**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. During fiscal year 2014, the District paid \$14,908 to NWOCA for its membership fee. 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.

**D. Northwestern Ohio Educational Research Council, Inc.**

The Northwestern Ohio Educational Research Council, Inc. (NWOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials and provide opportunities for training. The NWOERC serves a twenty-five county area of Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. During fiscal year 2014, the District paid \$175 to NWOERC for its membership fee. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., P.O. Box 456, Ashland, Ohio 44805.

**14. GROUP PURCHASING POOLS**

**A. Employee Insurance Benefits Program**

The District participates in the Northern Buckeye Health Plan, Northwest Division of the Optimal Health Initiative Consortium (OHI) is a public entity shared risk pool consisting of educational entities throughout the state. The Pool is governed by OHI and its participating members. The District contributed a total of \$444,391 to Northern Buckeye Health Plan, Northwest Division of OHI for all four plans. Financial information for the period can be obtained from Jenny Jostworth, Treasurer, at 10999 Reed Hartman Hwy., Suite 304E, Cincinnati, Ohio 45242.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**14. GROUP PURCHASING POOLS (Continued)**

**B. WORKERS' COMPENSATION GROUP RATING PLAN**

The District participates in a group-rating plan for workers' compensation as established under §4123.29 of the Ohio Revised Code. The Northern Buckeye Health Plan, Northwest Division of Workers' Compensation Group Rating Plan (WCGRP) was established through the as a group purchasing pool. The group was formed to create a workers' compensation group rating plan which would allow employers to group together to achieve a potentially lower premium rate than they may otherwise be able to acquire as individual employers. The Optimal Health Initiatives has created a workers' compensation group rating and risk management program which will potentially reduce the workers' compensation premiums for the District.

Optimal Health Initiatives has retained Sheakley UniService as the servicing agent to perform administrative, actuarial, cost control, claims, and safety consulting services and unemployment claims services for program participants. During this fiscal year, the District paid an enrollment fee of \$424 to WCGRP to cover the costs of administering the program.

**C. Schools of Ohio Risk Sharing Authority**

The District participates in the Schools of Ohio Risk Sharing Authority (SORSA), which was established in 2002 pursuant to Articles of Incorporation filed under Chapter 1702 of the Ohio Revised Code – Non-Profit Corporations and functioning under authority granted by § 2744.081 of the Ohio Revised Code. SORSA's purpose is to provide a joint self-insurance pool and to assist member school districts in preventing and reducing losses and injuries to property and persons that might result in claims being made against members of SORSA, their employees or officers.

A nine-person Board of Directors manages the business and affairs of SORSA and is elected annually by the members of the pool. The Board of Directors consists of Superintendents, Treasurers, or Business Managers from the participating school districts. The insurance brokerage firm of Willis Pooling is contracted to provide reinsurance brokerage, underwriting, rating, billing and consulting services. The Frank Gates Service Company provides insurance claims settlement and adjustment services. Financial information can be obtained from SORSA Executive Director at 8050 North High Street, Suite 160, Columbus, Ohio 43235-6483.

**15. 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, 2014.

**B. Litigation**

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

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**16. 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:

<b>Fund Balance</b>	<b>General</b>	<b>Bond Retirement</b>	<b>Other Governmental</b>	<b>Total Governmental Funds</b>
Restricted for:				
Regular Instruction			\$398	\$398
Athletics			56,488	56,488
Food Service			18,954	18,954
Operations				
Facilities			11,942	11,942
Maintenance				
Debt Retirement		\$489,081		489,081
Permanent				
Improvement			60,475	60,475
Total Restricted		489,081	148,257	637,338
Committed for:				
Permanent				
Improvement			90,899	90,899
Assigned for:				
Educational	\$13,409			13,409
Activities				
Unpaid Obligations (encumbrances)	13,353			13,353
Total Assigned	26,762			26,762
Unassigned	2,254,171			2,254,171
Total Fund Balance	\$2,280,933	\$489,081	\$239,156	\$3,009,170

**17. CHANGE IN ACCOUNTING PRINCIPLE**

For 2014, the District implemented Governmental Accounting Standard Board (GASB) Statement No. 67, "Financial Reporting of Pension Plans" and Governmental Accounting Standard Board (GASB) Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees."

GASB Statement No. 67, *Financial Reporting for Pension Plans*. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria.

The Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The statement provides accounting and financial reporting guidance to state and local governments that offer non-exchange financial guarantees to others and for governments that receive guarantees on their obligations.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**17. CHANGE IN ACCOUNTING PRINCIPLE (Continued)**

A non-exchange transaction occurs when a government gives value or benefit, such as providing a guarantee of an obligation, to another party without receiving equal value in exchange. Because no value is exchanged, the transaction is not often recorded on the financial statements of the government. However, GASB 70 now defines circumstances that require the government to recognize a liability. The statement addresses the guarantee of an obligation by the government entity with a legally separate entity or individual, including another government, a not-for profit organization, a private entity or blended or discretely presented component unit.

These changes were incorporated in the District's fiscal year 2014 financial statements; however, there was no effect on beginning net position/fund balance.

**18. RELATED PARTY TRANSACTIONS**

Ben Woolace, a Board Member, is owner of Woolace Electric, a local company who performed various repairs to the Districts grounds during 2014. The District remitted \$7,457 during 2014. The services were approved at arm's length, with full knowledge by District officials, of Mr. Woolace interest, and Mr. Woolace took no part in the deliberation or decision by District officials with respect to the services.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program - Cash Assistance	10.553	\$15,714	\$15,714
National School Lunch Program	10.555		
Cash Assistance		69,989	69,989
Non- Cash Assistance (Food Distribution)		13,355	13,355
Total National School Lunch Program		<u>83,344</u>	<u>83,344</u>
Total U.S. Department of Agriculture		<u><b>99,058</b></u>	<u><b>99,058</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
<u>Special Education Cluster:</u>			
Special Education Grants to States	84.027	96,096	96,096
Special Education Preschool Grants	84.173	3,570	3,570
Total Special Education Cluster		<u>99,666</u>	<u>99,666</u>
ARRA - Race-to-the-Top Incentive Grants, Recovery Act	84.395	30,595	30,595
Title I Grants to Local Educational Agencies	84.010	306,149	306,149
Improving Teacher Quality State Grants	84.367	14,123	14,123
<b>Direct Assistance</b>			
Rural Education	84.358	27,298	27,298
Total U.S. Department of Education		<u><b>477,832</b></u>	<u><b>477,832</b></u>
<b>Totals</b>		<u><b>\$576,889</b></u>	<u><b>\$576,889</b></u>

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - SUBRECIPIENTS**

The District passes certain federal awards received from Ohio Department of Education to other governments or not-for-profit agencies (subrecipients). As Note A describes, the District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals. The amount passed through to subrecipients was \$3,570.

**NOTE C - CHILD NUTRITION CLUSTER**

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

**NOTE D – FOOD DONATION PROGRAM**

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

**This page intentionally left blank.**





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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 43557-9491

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Stryker Local School District, Williams County, Ohio, (the County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 29, 2014, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

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

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-001.

One Government Center, Suite 1420, Toledo, Ohio 43604-2246  
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484  
[www.ohioauditor.gov](http://www.ohioauditor.gov)

***Entity's Response to Findings***

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

December 29, 2014



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Stryker Local School District  
Williams County  
400 South Defiance Street  
Stryker, Ohio 43557-9491

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

We have audited Stryker Local School District, Williams County, Ohio's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

### ***Management's Responsibility***

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect 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 our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, Stryker Local School District, Williams County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

***Report on Internal Control Over Compliance***

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

December 29, 2014

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2014**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Title I Grants to Local Educational Agencies CFDA - #84.010
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2014-001**

**Noncompliance Citation**

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

**Ohio Admin. Code § 117-2-03** which further clarifies the requirements of **Ohio Rev. Code § 117.38**, requires the District to file annual financial reports which are prepared using generally accepted accounting principles.

The District prepared its financial statements on a cash basis of accounting in format similar to financial statements prescribed by Governmental Accounting Standard No. 34. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between the District's accounting practice and GAAP, which presumably material, cannot be reasonably. The District can be fined and various other administrative remedies may be taken against the District.

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

**Officials' Response:**

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

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2013-001	Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03 (B) for not preparing its annual financial report in accordance with generally accepted accounting principles.	No	Not Corrected. Reissued as finding 2014-001 in this report.
2013-002	Material weakness for permanent improvement fund inside millage not being properly reported as "committed" fund balance.	Yes	
2013-003	Material weakness for lease activity not being properly reported.	Yes	
2013-004	Material weakness due to errors in reporting debt activity.	Yes	

**This page intentionally left blank.**





# 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  
JANUARY 08, 2015**