



Dave Yost • Auditor of State

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bryan City School District, Williams County, Ohio (the District), as of and for the year ended June 30, 2017, 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 such 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.

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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 Bryan City School District, Williams County, Ohio, as of June 30, 2017, 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. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental Information

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this 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, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

We applied no procedures to management's discussion and analysis as listed in the table of contents. Accordingly, 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 March 20, 2018, 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" and a long, sweeping tail on the "y".

Dave Yost
Auditor of State

Columbus, Ohio

March 20, 2018

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**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The discussion and analysis of the financial performance of Bryan City School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017. 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 2017 are as follows:

In total, net position decreased \$21,436,911.

General receipts accounted for \$34,706,509, or 87 percent of all receipts. Program specific receipts in the form of charges for services and sales and operating grants and contributions accounted for \$4,989,143 or 13 percent of total receipts of \$39,695,652.

The District's major funds included the General fund, the Bond Retirement fund and the Classroom Facilities Assistance Program Project fund. The General fund had \$20,838,831 in receipts and other financing sources and \$20,354,270 in disbursements and other financing uses. The General fund's balance increased \$484,561 from the prior fiscal year.

The Bond Retirement fund had \$11,428,828 in receipts and other financing sources and \$11,287,803 in disbursements and other financing uses. The Bond Retirement fund's balance increased \$141,025 from the prior fiscal year.

The Classroom Facilities Assistance Program Project fund had \$3,851,578 in receipts and \$24,470,725 in disbursements. The Classroom Facilities Assistance Program fund's balance decreased \$20,619,147 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, the Bond Retirement and the Classroom Facilities Assistance Program Project Fund are the three 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 2017. These statements are reported on a cash basis of accounting which reflects receipts and disbursements when cash is received or disbursed.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

These statements report the District's net position and changes in those assets. 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 receipts and from intergovernmental receipts, including federal and state grants and other shared receipts.

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, the Bond Retirement and the Classroom Facilities Assistance Program Project 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 2017 compared to fiscal year 2016 on a cash basis.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

**Table 1
Net Position
Governmental Activities**

	<u>2017</u>	<u>2016</u>
<u>Assets:</u>		
Current and Other Assets	<u>\$23,814,874</u>	<u>\$45,251,785</u>
<u>Net Position:</u>		
Restricted for Debt Service	\$643,877	\$502,852
Restricted for Capital Outlay	7,462,352	31,882,517
Restricted for Other Purposes	760,445	710,800
Unrestricted	<u>14,948,200</u>	<u>12,155,616</u>
Total	<u>\$23,814,874</u>	<u>\$45,251,785</u>

As mentioned previously, net position of governmental activities decreased \$21,436,911 or approximately 47 percent during 2017. The school building construction was the primary reason attributing to the decrease net position.

Table 2 reflects the changes in net position for fiscal year 2017 compared to fiscal year 2016.

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

	<u>2017</u>	<u>2016</u>
<u>Receipts:</u>		
Program Receipts:		
Charges for Services and Sales	\$2,240,012	\$2,146,749
Operating Grants and Contributions	<u>2,749,131</u>	<u>1,695,988</u>
Total Program Receipts	<u>4,989,143</u>	<u>3,842,737</u>
General Receipts:		
Property Taxes	9,418,377	9,428,830
Income Taxes	3,100,065	2,993,724
Grants and Entitlements	12,197,389	18,453,758
Gifts and Donations	16,751	26,574
Investment Earnings	232,563	317,092
Miscellaneous	132,193	34,213
Refunding Bonds Issued	8,023,398	
Premium on Refunding Bonds Issued	1,461,679	
Proceeds from Sale of Capital Assets	58,705	50
Refund of Prior Year Disbursements	<u>65,389</u>	<u>5,858</u>
General Receipts	<u>34,706,509</u>	<u>31,260,099</u>
Total Receipts	<u>39,695,652</u>	<u>35,102,836</u>

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

<u>Disbursements:</u>		
Instruction	14,548,527	13,999,127
Support Services:		
Pupils	1,186,673	1,064,212
Instructional Staff	621,097	651,352
Board of Education	21,981	20,779
Administration	1,732,640	1,543,362
Fiscal	508,070	554,408
Business	56,400	53,921
Operation and Maintenance of Plant	1,550,079	1,429,626
Pupil Transportation	836,631	907,487
Central	434,710	429,826
Non-Instructional Services	825,646	847,252
Extracurricular Activities	873,929	889,714
Capital Outlay	26,475,200	20,974,075
Debt Service:		
Principal	695,000	595,000
Issuance Costs	173,950	
Interest and Fiscal Charges	1,276,395	1,418,204
Payment to Bond Escrow Agent	9,305,306	
Refund of Prior Year Receipts	10,129	
Total Disbursements	<u>61,132,563</u>	<u>45,378,345</u>
Decrease in Net Position	<u>(\$21,436,911)</u>	<u>(\$10,275,509)</u>

Program receipts account for 13 percent of total receipts and are represented by restricted intergovernmental revenues, tuition and fees, rent, extracurricular activities, and food service sales.

The major program disbursements for governmental activities are for instruction, which accounts for 24 percent of all governmental disbursements. Debt service payments and the payment to bond escrow agent accounts for 19 percent. Capital outlay accounts for 43 percent. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 4 percent of governmental disbursements. Maintenance of the District's facilities also represents a significant disbursement of 3 percent. The remaining 7 percent of the District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

Overall receipts increased \$4,592,816 (approximately 13.1 percent) primarily due to an increase in grant money for building construction. Overall disbursements increased \$15,754,218 more than 34 percent) which is primarily to the increase in building construction.

Governmental Activities

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

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

**Table 3
Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2017</u>	<u>2017</u>	<u>2016</u>	<u>2016</u>
Instruction	\$14,548,527	\$10,912,065	\$13,999,127	\$11,575,196
Support Services:				
Pupils	1,186,673	1,184,010	1,064,212	1,058,774
Instructional Staff	621,097	621,097	651,352	615,703
Board of Education	21,981	21,981	20,779	20,779
Administration	1,732,640	1,726,747	1,543,362	1,539,907
Fiscal	508,070	506,464	554,408	554,311
Business	56,400	56,400	53,921	53,921
Operation and Maintenance of Plant	1,550,079	1,421,936	1,429,626	1,297,726
Pupil Transportation	836,631	836,631	907,487	886,928
Central	434,710	425,490	429,826	418,886
Non-Instructional Services	825,646	23,368	847,252	29,256
Extracurricular Activities	873,929	471,051	889,714	496,942
Capital Outlay	26,475,200	26,475,200	20,974,075	20,974,075
Debt Service:				
Principal	695,000	695,000	595,000	595,000
Issuance Costs	173,950	173,950		
Interest and Fiscal Charges	1,276,595	1,276,595	1,418,204	1,418,204
Payment to Bond Escrow Agent	9,305,306	9,305,306		
Refund of Prior Year Receipts	10,129	10,129		
Total Disbursements	<u>\$61,132,563</u>	<u>\$56,143,420</u>	<u>\$45,378,345</u>	<u>\$41,535,608</u>

The dependence upon tax receipts and unrestricted state entitlements for governmental activities is apparent. Over 75 percent of instruction activities are supported through taxes and other general receipts. For all governmental activities, support from general receipts is 92 percent. The remaining 8 percent are derived from charges for services and sales, operating grants and contributions.

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. The District's major governmental funds are the General fund, the Bond Retirement fund and the Classroom Facilities Assistance Program Project fund. Total governmental funds had receipts and other financing sources of \$39,871,564 and disbursements and other financing uses of \$61,308,475. The net change in fund balance in the General fund reflects an increase of \$484,561 which was \$628,653 less than in 2016. This was primarily due to an increase in expenditures from 2016 of \$1,075,826.

The net change in fund balance in the Bond Retirement fund increased \$141,025 due to the refunding bond issue.

The net change in fund balance in the Classroom Facilities Assistance Program Project fund decreased \$20,619,147 due to the increase in overall disbursements for the building construction project.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General fund. During the course of fiscal year 2017, the District amended its General fund budget as needed.

Final estimated receipts and other financing sources were more than the original estimated receipts and other financing sources by \$342,406 (1.7 percent). There was a variance of \$93,322 (less than 1 percent) between final estimated receipts and other financing sources and actual.

Final budget disbursements and other financing uses were less than original budget disbursements and other financing uses by \$19,993 (less than 1 percent). This was due to a decrease in expected disbursements. Final disbursements and other financing uses were budgeted at \$20,887,367 while actual disbursements and other financing uses were \$20,330,936. The \$556,431 difference (3 percent) is primarily due to a conservative "worst case scenario" approach. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The District had capital outlay disbursements of \$26,475,200 during fiscal year 2017.

Debt Administration

At June 30, 2017, the District had \$34,038,397 in school improvement general obligation bonds, refunding bonds, and certificate of participation for construction and building improvements and \$23,096 for capital leases.

The District had \$17,645,000 in School Facilities Improvement Bonds, Series 2014A. The bonds were issued on February 12, 2014 for a twenty-eight year period and will mature on January 1, 2042. The bonds are being retired through the Bond Retirement Fund.

The District had \$5,405,000 in School Facilities Improvement Bonds, Series 2014AB. The bonds were issued on March 13, 2014 for a twenty-eight year period and will mature on December 15, 2038. The bonds are being retired through the Bond Retirement Fund.

The District had \$3,649,913 in Refunding Bonds, Series 2016A. The bonds were issued on January 17, 2017 for a twenty-two year period and will mature on January 1, 2039. The bonds are being retired through the Bond Retirement Fund.

The District had \$4,278,484 in Refunding Bonds, Series 2016B. The bonds were issued on June 15, 2017 for a twenty-five year period and will mature on December 15, 2041. The bonds are being retired through the Bond Retirement Fund.

The District had \$3,060,000 in Certificates of Participation, Series 2014. The certificates were issued on June 4, 2014 for a twenty-seven-year period and will mature on December 15, 2040. The certificates are being retired through the Permanent Improvement Fund.

At June 30, 2017, the District's long term obligations, included capital leases of \$23,096 down 72 percent from the end of fiscal year 2016. The District obtained four separate capital leases for the acquisition of computer equipment. The leases were each issued for four years, with final maturity July 10, 2017. One leased matured prior to fiscal year end.

At June 30, 2017, the District's overall legal debt margin was (\$10,428,441), with an un-voted debt margin of \$262,333.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

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

Current Issues

Bryan is a small rural community of 8,500 in Northwest Ohio. It has a number of small and medium businesses with agriculture having a contributing influence on the economy. Except for State Foundation revenue, the District's receipts have remained stagnant while operating costs continue to increase. The citizens of the District passed a continuing one percent school district income tax levy on May 2, 2006. This tax became effective on January 1, 2007 and was expected to generate approximately \$2,700,000 per year. The one percent school district income tax has generated a total of \$27,715,000 over the last ten years, an average of \$2,771,000 per year. In FY2017, the income tax revenue totaled \$3,100,000.

The District is currently operating in the second year of the state biennium. Sixty three percent (63%) of the District revenue sources are from local funds, thirty four percent (34%) from state funds and the remaining three percent (3%) is from federal funds. The total expenditure per pupil was calculated at \$10,415.

In May 2017, the District passed the renewal of a five-year emergency levy to generate \$1,910,000 annually. This levy provides a source of funds for the financial operations and stability of the District. However, future finances are not without challenges as our community changes and state funding is continually revised. Some of these challenges are in the future of state funding for schools in light of the DeRolph court case, state budget instability, the long term effects of public utility deregulation, the personal property tax on Ohio businesses and the accelerated phase out of tangible personal property replacement funds.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Rob Rosswurm, Chief Fiscal Officer/Treasurer, Bryan City School District, 1350 Fountain Grove Drive, Bryan, Ohio 43506-8733.

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**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2017**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 23,514,943
Investments	299,931
Total Assets	\$ <u><u>23,814,874</u></u>
Net Position:	
Restricted for Debt Service	\$ 643,877
Restricted for Capital Outlay	7,462,352
Restricted for Other Purposes	760,445
Unrestricted	14,948,200
<i>Total Net Position</i>	\$ <u><u>23,814,874</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

		Program Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities:					
Instruction:					
Regular	\$ 9,810,573	\$ 1,326,912	\$ 366,842	\$	(8,116,819)
Special	4,631,318		1,927,682		(2,703,636)
Vocational	86,968		15,026		(71,942)
Student Intervention Services	19,668				(19,668)
Support Services:					
Pupils	1,186,673		2,663		(1,184,010)
Instructional Staff	621,097				(621,097)
Board of Education	21,981				(21,981)
Administration	1,732,640		5,893		(1,726,747)
Fiscal	508,070		1,606		(506,464)
Business	56,400				(56,400)
Operation and Maintenance of Plant	1,550,079	128,143			(1,421,936)
Pupil Transportation	836,631				(836,631)
Central	434,710		9,220		(425,490)
Operation of Non-Instructional Services	825,646	400,668	401,610		(23,368)
Extracurricular Activities	873,929	384,289	18,589		(471,051)
Capital Outlay	26,475,200				(26,475,200)
Debt Service:					
Principal	695,000				(695,000)
Issuance Costs	173,950				(173,950)
Interest and Fiscal Charges	1,276,595				(1,276,595)
Payment to Bond Escrow Agent	9,305,306				(9,305,306)
Refund of Prior Year Receipts	10,129				(10,129)
Totals	\$ 61,132,563	\$ 2,240,012	\$ 2,749,131	\$	(56,143,420)
General Receipts:					
Taxes:					
Property Taxes, Levied for General Purposes					6,545,296
Property Taxes, Levied for Capital Outlay					1,003,145
Property Taxes, Levied for Debt Service					1,869,936
Income Taxes					3,100,065
Grants and Entitlements not Restricted to Specific Programs					12,197,389
Gifts and Donations					16,751
Investment Earnings					232,563
Miscellaneous					132,193
Refunding Bonds Issued					8,023,398
Premium on Refunding Bonds Issued					1,461,679
Proceeds from Sale of Capital Assets					58,705
Refund of Prior Year Expenditures					65,389
<i>Total General Receipts</i>					34,706,509
Change in Net Position					(21,436,911)
Net Position Beginning of Year					45,251,785
Net Position End of Year				\$	23,814,874

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Bond Retirement Fund	Classroom Facilities Assistance Program Project Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 12,700,105	\$ 643,877	\$ 6,861,292	\$ 3,309,669	\$ 23,514,943
Investments				299,931	299,931
Total Assets	\$ 12,700,105	\$ 643,877	\$ 6,861,292	\$ 3,609,600	\$ 23,814,874
Fund Balances:					
Restricted		\$ 643,877	\$ 6,861,292	\$ 1,361,505	\$ 8,866,674
Committed				2,348,341	2,348,341
Assigned	\$ 1,169,593				1,169,593
Unassigned	11,530,512			(100,246)	11,430,266
Total Fund Balances	\$ 12,700,105	\$ 643,877	\$ 6,861,292	\$ 3,609,600	\$ 23,814,874

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Classroom Facilities Assistance Program Project Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:					
Property and Other Local Taxes	\$ 6,545,296	\$ 1,869,936	\$	\$ 1,003,145	\$ 9,418,377
Income Taxes	3,100,065				3,100,065
Intergovernmental	9,477,821	73,815	3,782,027	1,589,541	14,923,204
Investment Earnings	151,368		69,551	12,551	233,470
Tuition and Fees	1,298,673			28,239	1,326,912
Rent	128,143				128,143
Extracurricular Activities	63,302			314,492	377,794
Gifts and Donations	14,670			20,670	35,340
Customer Sales and Services				400,638	400,638
Miscellaneous	29,290			113,248	142,538
<i>Total Receipts</i>	<u>20,808,628</u>	<u>1,943,751</u>	<u>3,851,578</u>	<u>3,482,524</u>	<u>30,086,481</u>
Disbursements:					
Current:					
Instruction:					
Regular	9,482,905			327,668	9,810,573
Special	3,666,531			964,787	4,631,318
Vocational	86,968				86,968
Student Intervention Services	19,668				19,668
Support Services:					
Pupils	1,184,010			2,663	1,186,673
Instructional Staff	445,631			175,466	621,097
Board of Education	21,981				21,981
Administration	1,724,478			8,162	1,732,640
Fiscal	436,252	33,700	13,034	25,084	508,070
Business	56,400				56,400
Operation and Maintenance of Plant	1,436,979			113,100	1,550,079
Pupil Transportation	753,065			83,566	836,631
Central	431,576			3,134	434,710
Operation of Non-Instructional Services				825,646	825,646
Extracurricular Activities	560,044			313,885	873,929
Capital Outlay			24,457,691	2,017,509	26,475,200
Debt Service:					
Principal		610,000		85,000	695,000
Interest		1,164,847		111,748	1,276,595
Issuance Costs		173,950			173,950
<i>Total Disbursements</i>	<u>20,306,488</u>	<u>1,982,497</u>	<u>24,470,725</u>	<u>5,057,418</u>	<u>51,817,128</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>502,140</u>	<u>(38,746)</u>	<u>(20,619,147)</u>	<u>(1,574,894)</u>	<u>(21,730,647)</u>
Other Financing Sources and (Uses):					
Transfers In				175,912	175,912
Refunding Bonds Issued		8,023,398			8,023,398
Premium on Refunding Bonds Issued		1,461,679			1,461,679
Proceeds from Sale of Capital Assets				58,705	58,705
Refund of Prior Year Expenditures	30,203			35,186	65,389
Payment to Refunded Bond Escrow Agent		(9,305,306)			(9,305,306)
Transfers Out	(47,782)			(128,130)	(175,912)
Refund of Prior Year Receipts				(10,129)	(10,129)
<i>Total Other Financing Sources and (Uses)</i>	<u>(17,579)</u>	<u>179,771</u>	<u>-</u>	<u>131,544</u>	<u>293,736</u>
<i>Net Change in Fund Balances</i>	<u>484,561</u>	<u>141,025</u>	<u>(20,619,147)</u>	<u>(1,443,350)</u>	<u>(21,436,911)</u>
Fund Balance at Beginning of Year	12,215,544	502,852	27,480,439	5,052,950	45,251,785
<i>Fund Balance at End of Year</i>	<u>\$ 12,700,105</u>	<u>\$ 643,877</u>	<u>\$ 6,861,292</u>	<u>\$ 3,609,600</u>	<u>\$ 23,814,874</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Receipts:				
Property and Other Local Taxes	\$ 6,500,000	\$ 6,545,208	\$ 6,545,296	\$ 88
Income Tax	2,994,000	3,100,065	3,100,065	
Intergovernmental	9,448,000	9,483,688	9,477,821	(5,867)
Investment Earnings	60,000	130,000	151,368	21,368
Tuition and Fees	1,073,000	1,132,000	1,188,652	56,652
Rent	125,000	138,000	128,143	(9,857)
Extracurricular Activities	30,000	30,000	31,020	1,020
Gifts and Donations	8,500	13,743	14,670	927
Miscellaneous	20,300	24,400	29,290	4,890
<i>Total Receipts</i>	<u>20,258,800</u>	<u>20,597,104</u>	<u>20,666,325</u>	<u>69,221</u>
Disbursements:				
Current:				
Instruction:				
Regular	9,327,507	9,519,225	9,411,422	107,803
Special	3,683,699	3,745,666	3,666,649	79,017
Vocational	87,535	87,960	86,968	992
Student Intervention Services	29,657	27,167	22,768	4,399
Support Services:				
Pupils	1,202,949	1,201,384	1,186,708	14,676
Instructional Staff	506,451	449,164	445,631	3,533
Board of Education	22,990	23,745	21,981	1,764
Administration	1,959,892	1,797,045	1,740,182	56,863
Fiscal	476,475	509,885	436,652	73,233
Business	82,492	67,642	59,319	8,323
Operation and Maintenance of Plant	1,633,785	1,569,095	1,465,640	103,455
Pupil Transportation	747,145	816,271	774,833	41,438
Central	469,073	441,658	431,824	9,834
Extracurricular Activities	537,710	537,643	532,577	5,066
<i>Total Disbursements</i>	<u>20,767,360</u>	<u>20,793,550</u>	<u>20,283,154</u>	<u>510,396</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>(508,560)</u>	<u>(196,446)</u>	<u>383,171</u>	<u>579,617</u>
Other Financing Sources and (Uses):				
Refund of Prior Year Expenditures	2,000	6,102	30,203	24,101
Transfers Out	(40,000)	(47,782)	(47,782)	
Other Financing Uses	(100,000)	(46,035)		46,035
<i>Total Other Financing Sources and (Uses)</i>	<u>(138,000)</u>	<u>(87,715)</u>	<u>(17,579)</u>	<u>70,136</u>
<i>Net Change in Fund Balance</i>	(646,560)	(284,161)	365,592	649,753
<i>Fund Balance at Beginning of Year</i>	11,959,220	11,959,220	11,959,220	
Prior Year Encumbrances Appropriated	150,592	150,592	150,592	
<i>Fund Balance at End of Year</i>	<u>\$ 11,463,252</u>	<u>\$ 11,825,651</u>	<u>\$ 12,475,404</u>	<u>\$ 649,753</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS
FIDUCIARY FUND
JUNE 30, 2017

	<u>Agency Fund</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ <u>64,169</u>
Liabilities:	
Held on Behalf of Students	\$ <u>64,169</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Bryan City School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a city school district as defined by §3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's seven instructional/support facilities staffed by 101 non-certified and 163 certified full-time teaching personnel who provide services to 2,072 students and other community members.

A. Primary Government

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

B. Component Units

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

C. Jointly Governed Organizations and Purchasing Pools

The District is associated with organizations, which are defined as jointly governed organizations and group purchasing pools. These organizations include the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Northwest Ohio Educational Research Council, Inc., Northwest Ohio Special Education Regional Resource Center, the Northwest Ohio Regional Professional Development Center, the Northern Buckeye Health Plan, Northwest Division of Optimal Health Initiatives (OHI), and the Ohio Health Initiatives (OHI) Workers Compensation Group Rating Plan. These organizations are presented in Notes 16 and 17 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.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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, the Bond Retirement fund and the Classroom Facilities Assistance Program Project 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.

Classroom Facilities Assistance Program (CFAP) Project Fund - The CFAP Project Fund is used to account for revenues and expenditures related to the construction and renovation of school buildings.

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

2. Fiduciary Funds

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

C. Basis of Accounting

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

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.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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, function, and object level within the General fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the object level within the General fund, and at the function and object level within all other funds are made by the District's Chief Fiscal Officer.

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

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

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. Expenditures plus encumbrances may not legally exceed appropriations. Encumbrances at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

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 except the Classroom Facilities Assistance Program Project and Local Funding Initiative Funds are maintained in this pool. Individual fund integrity is maintained through District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

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

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

During fiscal year 2017, investments were limited to negotiable certificates of deposits, federal agency securities, and commercial paper notes. Investments in certificates of deposit, federal agency, and commercial paper notes are reported at cost.

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 2017 amounted to \$151,368, which includes \$37,842 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. Pension

For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

J. Long-Term Obligations

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

K. Interfund Transactions

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

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 creditors, 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. There were no amounts restricted by enabling legislation.

M. Fund Balance

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

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

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

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

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

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

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

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

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 assigned of fund balance (cash basis).

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

Fund Cash Balance	
	General Fund
Cash Basis	\$12,700,105
Funds Budgeted Elsewhere	(140,559)
Outstanding Encumbrances	(84,142)
Budget Basis	\$12,475,404

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

4. SCHOOL INCOME TAX

The District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The permanent tax was approved by the voters in May 2006, and was effective January 1, 2007. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts in the amount of \$3,100,065 were credited to the General Fund.

5. DEPOSITS AND INVESTMENTS

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

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

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

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

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

5. DEPOSITS AND INVESTMENTS - (Continued)

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

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

Investments

As of June 30, 2017, the District had the following investments and maturities:

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

5. DEPOSITS AND INVESTMENTS - (Continued)

Investment Type	Investment Maturities				
	Balance at Cost	Less than One Year	One to Two Years	Two to Three Years	Three to Five Years
Negotiable Certificates of Deposit	\$3,365,876	\$1,099,941	\$1,368,006	\$452,562	\$445,367
Federal Home Loan Bank (FHLB) Bonds	169,478			169,478	
Federal Home Loan Mortgage Association (FHLMA) Notes	345,446				345,446
Commercial Paper	5,016,740	5,016,740			
Money Market Mutual Funds	107,764	107,764			
Federal Farm Credit Bank (FFCB) Notes	247,227			247,227	
Total Investments	<u>\$9,252,531</u>	<u>\$6,224,445</u>	<u>\$1,368,006</u>	<u>\$869,267</u>	<u>\$790,813</u>

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 has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 270 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

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

Investment Type	Moody’s	Standard & Poor’s
FHLB Bonds	Aaa	AAA
FHLMA Notes	Aaa	AAA
FNMA Notes	Aaa	AAA
Commercial Paper	P1	A-1+
FFCB Notes	Aaa	AAA

The District’s investment policy authorizes the Treasurer to invest to a maximum of forty percent of the District’s interim funds in commercial paper notes issued by a for-profit corporation, business trust or association, real estate investment trust, common-law trust, unincorporated business or general or limited partnership which has assets exceeding \$500,000,000. Such notes must be rated at the time of purchase in the highest classification established by at least two rating services, have an aggregate value that does not exceed ten percent of the outstanding commercial paper of the issuing entity and mature within 270 days after purchase. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

5. DEPOSITS AND INVESTMENTS - (Continued)

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

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. The District's investments in The Federal Home Loan Bank (FHLB) Bonds, Federal Home Loan Mortgage Association (FHLMA) Notes, Commercial Paper and the Federal Farm Credit Bank Notes represents 2 percent, 4percent, 54 percent, and 3 percent, respectively of the of the District's total investments.

6. 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 2017 represent the collection of calendar year 2016 taxes. Real property taxes for 2017 were levied after April 1, 2016, on the assessed values as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes for 2017 were levied after April 1, 2016, on the assessed values as of December 31, 2015, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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, 2017, are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

6. PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2017 taxes were collected are:

	2016 Second- Half Collections		2017 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$196,180,030	75%	\$196,514,270	75%
Industrial/Commercial	60,337,600	23%	60,678,440	23%
Public Utility	5,118,310	2%	5,140,130	2%
Total Assessed Value	<u>\$261,635,940</u>	<u>100%</u>	<u>\$262,332,840</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$61.25		\$61.25	

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance at 6/30/2016	Additions	Reductions	Balance at 6/30/2017
Governmental Activities:				
Land	\$684,640			\$684,640
Construction in Progress	24,056,394	\$26,121,355	\$35,594,494	14,583,255
Land Improvements	1,024,668	5,104,849		6,129,517
Buildings and Building Improvements	16,650,738	29,854,715	\$191,067	46,314,386
Furniture, Fixtures, and Equipment	2,483,278	943,887	453,064	2,974,101
Vehicles	1,899,943	81,214	95,541	1,885,616
Total Capital Assets	<u>\$46,799,661</u>	<u>\$62,106,020</u>	<u>\$36,334,166</u>	<u>\$72,571,515</u>

8. RISK MANAGEMENT

A. Comprehensive

The District maintains comprehensive insurance coverage with private carriers for general liability; property and equipment; umbrella liability coverage over employees; personal property; and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 90 percent co-insured. Settled claims have not exceeded the amount of commercial coverage in any of the past three years, and there has been no significant reduction in the amount of insurance coverage's from last year.

B. Employee Insurance Benefits Program

The District participates in the Northern Buckeye 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, 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.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

8. RISK MANAGEMENT -(Continued)

C. Workers' Compensation Group Program

The District participates in the Ohio Health Initiatives (OHI) Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 17). The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

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

9. DEFINED PENSION BENEFIT PLANS

Net Pension Liability

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

9. DEFINED PENSION BENEFIT PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

Plan Description – District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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 by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14.0 percent. None of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$421,609 for fiscal year 2017.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

9. DEFINED PENSION BENEFIT PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description – District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2016, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five year of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2016, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, 11% of the 12% member rate goes to the DC Plan and 1% goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS Ohio plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options in the GASB 68 schedules of employer allocations and pension amounts by employer.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability 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.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

9. DEFINED PENSION BENEFIT PLANS - (Continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. Through June 30, 2016, the employer rate was 14% and the member rate was 12% of covered payroll. The statutory employer rate for fiscal 2016 and subsequent years is 14%. The statutory member contribution rate increased to 13% on July 1, 2015 and increased to 14% on July 1, 2016.

The District's contractually required contribution to STRS was \$1,434,778 for fiscal year 2017.

Net Pension Liability

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net Pension Liability			
Prior Measurement Date	0.09313600%	0.09358500%	
Proportion of the Net Pension Liability			
Current Measurement Date	0.09386670%	0.09102664%	
Change in Proportionate Share	<u>0.00073070%</u>	<u>-0.00255836%</u>	
Proportionate Share of the Net			
Pension Liability	\$6,870,176	\$30,469,293	\$37,339,469

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.5 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent of female rates set back five years is used for the period after disability retirement. Special mortality tables are used for the period after disability retirement.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	<u>10.00</u>	3.00
Total	<u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.5 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.5 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

9. DEFINED PENSION BENEFIT PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.5 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent), or one percentage point higher (8.5 percent) than the current rate.

	1% Decrease ▼ (6.5%)	Discount Rate ▼ (7.5%)	1% Increase ▼ (8.5%)
School District's proportionate share of the net pension liability	\$9,095,685	\$6,870,176	\$5,007,332

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS Ohio's investment consultant develops best estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

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WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

9. DEFINED PENSION BENEFIT PLANS - (Continued)

10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.50% and does not include investment expenses. The total fund long-term expected return reflects diversification among assets classes and therefore is not a weighted average return on the individual asset classes.

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are excluded. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$40,491,215	\$30,469,293	\$22,015,211

Changes between Measurement Date and Report Date

In March 2017, the STRS Board adopted certain assumption change which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to the District's net pension liability is expected to be significant.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2017, four members of the Board of Education have selected Social Security. The contribution rate is 6.2 percent of wages.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

10. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2017, 0.0 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount. For 2017, the minimum compensation level was established at \$23,500. The District's SERS surcharge amount for 2017 was \$49,568.

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

The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$0, \$0, and \$24,723 respectively; 100 percent has been contributed for fiscal years 2017, 2016 and 2015.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2017, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2017, 2016, and 2015 were \$22,586, \$21,535, and \$22,311, respectively; 100 percent has been contributed for fiscal years 2017, 2016 and 2015.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2017, STRS Ohio allocated employer contributions equal to 0 percent of covered payroll to the Health Care Stabilization Fund. The District made no contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015.

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WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

11. COMPENSATED ABSENCES

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

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rata basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to thirty percent of the accumulated sick leave for all certificated and certain non-certificated employees up to a maximum of 76.5 days. For other noncertified employees, the amount paid to an employee upon retirement is limited to thirty percent of the accumulated sick leave up to a maximum of 50 days, depending on years of service.

As of June 30, 2017, the liability for compensated absences was \$1,494,487 for the entire District.

12. LONG-TERM OBLIGATIONS

Changes in long-term obligations of the District during fiscal year 2017 were as follows:

	<u>Balance at 06/30/16</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 06/30/17</u>	<u>Amount Due In one Year</u>
2016A Refunding Bonds		\$3,744,914	\$95,000	\$3,649,914	\$45,000
2016B Refunding Bonds		4,278,484		4,278,484	15,000
2014A School Improvement Bonds	\$21,875,000		4,230,000	17,645,000	495,000
2014B School Improvement Bonds	9,715,000		4,310,000	5,405,000	30,000
Certificate of Participation, Series	3,145,000		85,000	3,060,000	85,000
Total Long-Term Obligations	<u>\$34,735,000</u>	<u>\$8,023,398</u>	<u>\$8,720,000</u>	<u>\$34,038,398</u>	<u>\$670,000</u>

On November 5, 2013, the citizens of the Bryan City School District passed a bond levy for the purpose of paying a portion of the local share of school construction under the State of Ohio Classroom Facilities Assistance Program (including the construction of a new 6-12 school building, and remodeling of the middle school for grades PK-5 and demolition of Lincoln, Washington Elementary and high school buildings), including technology and site improvements, together with equipment, furnishings, landscaping and all necessary appurtenances in the principal amount of \$32,767,891 to be repaid annually over a maximum period of 28 years, and an annual levy of property taxes be made outside of the ten mill limitation estimated by the County Auditor to average over the repayment period of the bond issue 7.45 mills for each one hundred dollars of tax valuation, which amounts to seventy four and one-half cents (\$0.745) for each one hundred dollars of tax valuation, to pay the annual debt charge on bonds, and to pay debt charges on any notes issued in anticipation of those bonds.

The District had 2016A school improvement refunding bonds of \$3,725,000 (interest rates of 1.25 to 3.0 percent). The bonds were issued in November 2016 and will mature in January 2039. The District had 2016B school improvement refunding bonds of \$4,195,000 (interest rates of 1.25 to 4.0 percent). The bonds were issued in March 2014 and will mature in December 2041. These issues result in a net savings of \$1,033,359 to the District.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

12. LONG-TERM OBLIGATIONS - (Continued)

School Facilities Improvement Refunding Bonds, Series 2016A

Proceeds from the outstanding bonds were used to retire 2016A bond issues. The bonds were issued on November 30, 2016. The bonds consisted of \$3,725,000 in current interest bonds (\$2,065,000 issued as current interest bonds and \$1,660,000 issued as term bonds) and \$19,913 in capital appreciation bonds. The serial bonds will mature on January 1, 2039. The term bonds which mature on January 1, 2037. The bonds are being retired through the Bond Retirement Debt Service Fund.

Series 2016A Bonds

The 2016A Serial Bonds shall bear interest at the rates per year and will mature in the principal amounts and on the following dates:

<u>Maturity Date (January 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$45,000	1.25%
2019	45,000	1.25%
2020	45,000	1.50%
2021	45,000	1.50%
2022	50,000	1.75%
2023	50,000	2.00%
2024	50,000	2.00%
2025	50,000	2.00%
2038	1,150,000	3.00%
2039	440,000	3.00%

Unless otherwise called for redemption, the remaining \$1,660,000 principal amount of the Series 2016A Bonds are due January 1, 2037 is to be paid at stated maturity.

The interest payment dates for the bonds shall be July 1 and January 1, commencing on January 1, 2017. The serial bonds shall be those bonds scheduled to mature on January 1, 2017 through 2039, and the term bonds shall be those bonds scheduled to mature January 1, 2037.

The Series 2016A bonds due January 1, 2037 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on January 1, 2027 and each January 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

12. LONG-TERM OBLIGATIONS - (Continued)

Maturity Date (January 1)	Principal Amount
2027	\$50,000
2028	55,000
2029	55,000
2030	60,000
2031	60,000
2032	65,000
2033	65,000
2034	70,000
2035	70,000

Unless otherwise called for redemption, the remaining \$1,110,000 principal amount of the Series 2016A Bonds are due January 1, 2037 is to be paid at stated maturity.

Optional Redemption

The Series 2016A Bonds which are Current Interest Bonds maturing on or after January 1, 2037 are subject to optional redemption prior, in whole or in part on any date in any order maturity determined by the Board of Education and by lot within a maturity, at the option of the Board of Education on or after January 1, 2025 at par plus accrued interest thereon.

The capital appreciation bonds were issued in the aggregate original principal amount of \$19,913 and mature on January 1 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
2026	\$6,223	\$50,000
2036	13,690	1,090,000

The value of the capital appreciation bonds reported at June 30, 2017 was \$19,913. The annual accretion of interest is based on the straight-line method, which approximates the equity interest method. Total accreted interest of \$0 has been included in the value. The bonds are being retired through the Bond Retirement Debt Service Fund.

School Facilities Improvement Refunding Bonds, Series 2016B

Proceeds from the outstanding bonds were used to retire 2016B bond issues. The bonds were issued on November 30, 2016. The bonds consisted of \$4,195,000 in current interest bonds (\$2,335,000 issued as current interest bonds and \$1,860,000 issued as term bonds) and \$83,484 in capital appreciation bonds. The serial bonds will mature on December 15, 2041. The term bonds which mature on December 15, 2039. The bonds are being retired through the Bond Retirement Debt Service Fund.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

12. LONG-TERM OBLIGATIONS - (Continued)

Series 2016B Bonds

The 2016B Serial Bonds shall bear interest at the rates per year and will mature in the principal amounts and on the following dates:

Maturity Date (December 15)	Principal Amount	Interest Rate
2017	\$15,000	1.25%
2018	25,000	1.25%
2019	25,000	1.25%
2020	25,000	1.50%
2021	25,000	1.50%
2022	25,000	1.75%
2023	25,000	2.00%
2024	25,000	2.00%
2025	25,000	2.00%
2040	1,040,000	4.00%
2041	1,080,000	4.00%

The interest payment dates for the bonds shall be June 15 and December 15, commencing on June 15, 2017. The serial bonds shall be those bonds scheduled to mature on December 15, 2017 through 2041, and the term bonds shall be those bonds scheduled to mature December 15, 2038.

The Series 2016B bonds due December 15, 2039 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 15, 2026 and each December 15 thereafter (excepting December 15, 2035) at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

Maturity Date (December 15)	Principal Amount
2026	\$30,000
2027	30,000
2028	30,000
2029	30,000
2030	30,000
2031	35,000
2032	35,000
2033	35,000
2034	40,000
2036	665,000
2037	10,000
2038	10,000

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

12. LONG-TERM OBLIGATIONS - (Continued)

Unless otherwise called for redemption, the remaining \$880,000 principal amount of the Series 2016B Bonds are due December 15, 2039 is to be paid at stated maturity.

Optional Redemption

The Series 2016B Bonds which are Current Interest Bonds maturing on or after December 15, 2039 are subject to optional redemption prior, in whole or in part on any date in any order maturity determined by the Board of Education and by lot within a maturity, at the option of the Board of Education on or after December 15, 2025 at par plus accrued interest thereon.

The capital appreciation bonds were issued in the aggregate original principal amount of \$83,484 and mature on December 15, 2035 and mature with the accreted values at \$665,000 The value of the capital appreciation bonds reported at June 30, 2017 was \$83,434. The annual accretion of interest is based on the straight-line method, which approximates the equity interest method. Total accreted interest of \$0 has been included in the value. The bonds are being retired through the Bond Retirement Debt Service Fund.

The District had 2014A school facilities bonds of \$22,300,000 (interest rates of 1.0 to 5.0 percent). The bonds were issued in February 2014 and will mature in January 2042.

The District had 2014B school facilities bonds of \$9,800,000 (interest rates of 1.5 to 5.0 percent). The bonds were issued in March 2014 and will mature in December 2041.

The District had certificates of participation of \$3,300,000 (interest rates of 2.0 to 4.25 percent). The certificates were issued in June 2014 and will mature in December 2040.

School Facilities Improvement Bonds, Series 2014A

Proceeds from the outstanding bonds were used for the purpose of construction, additions to and renovating and improving existing school buildings and facilities. These bonds were issued on February 12, 2014. The bonds consisted of \$22,300,000 in current interest bonds (\$13,840,000 issued as serial bonds and \$8,460,000 issued as term bonds). The serial bonds will mature on January 1, 2035. The term bonds which mature on January 1, 2042. The bonds are being retired through the Bond Retirement Debt Service Fund.

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

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

12. LONG-TERM OBLIGATIONS - (Continued)

Maturity Date (January 1)	Principal Amount	Interest Rate
2018	\$495,000	1.00%
2019	500,000	1.50%
2020	530,000	2.00%
2021	540,000	2.50%
2022	555,000	4.00%
2023	520,000	3.00%
2023	110,000	4.00%
2024	650,000	4.00%
2025	675,000	3.25%
2026	695,000	4.00%
2027	725,000	4.00%
2028	755,000	4.00%
2029	785,000	3.50%
2030	810,000	3.75%
2031	840,000	4.00%
2032	875,000	4.50%
2033	915,000	4.50%
2034	955,000	4.50%
2035	1,000,000	4.50%

The interest payment dates for the bonds shall be July 1 and January 1, commencing on January 1, 2015. The serial bonds shall be those bonds scheduled to mature on January 1, 2016 through 2035, and the term bonds shall be those bonds scheduled to mature January 1, 2042.

The term bonds due January 1, 2042 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on January 1, 2039 and each January 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

Year	Principal Amount to be Redeemed
2039	\$750,000
2040	1,265,000
2041	1,320,000

Unless otherwise called for redemption, the remaining \$1,380,000 principal amount of the Bonds due January 1, 2042 is to be paid at stated maturity.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

12. LONG-TERM OBLIGATIONS - (Continued)

Optional Redemption

The Bonds maturing on or after January 1, 2022 are subject to optional redemption prior, in whole or in part on any date in any order maturity as determined by the Board of Education and by lot within a maturity, at the option of the Board of Education on or after January 1, 2021 at par plus accrued interest thereon.

The bonds are being retired through the Bond Retirement Debt Service Fund.

School Facilities Improvement Bonds, Series 2014B

Proceeds from the outstanding bonds were used for the purpose of construction, additions to and renovating and improving existing school buildings and facilities. These bonds were issued on March 13, 2014. The bonds consisted of \$9,800,000 in current interest bonds (\$5,160,000 issued as serial bonds and \$4,640,000 issued as term bonds). The serial bonds will mature on December 15, 2036. The term bonds which mature on December 15, 2041. The bonds are being retired through the Bond Retirement Debt Service Fund.

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

Maturity Date (December 15)	Principal Amount	Interest Rate
2017	\$30,000	1.50%
2018	30,000	1.50%
2019	20,000	1.50%
2020	30,000	2.25%
2021	30,000	2.50%
2022	70,000	3.00%
2023	70,000	3.00%
2024	75,000	3.00%
2025	175,000	3.125%
2026	180,000	3.375%
2027	180,000	4.00%
2028	290,000	4.00%
2029	305,000	4.00%
2030	320,000	4.00%
2031	435,000	4.00%
2032	455,000	4.00%
2033	470,000	4.00%
2034	600,000	4.00%

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

12. LONG-TERM OBLIGATIONS - (Continued)

The interest payment dates for the bonds shall be June 15 and December 15, commencing on December 15, 2014. The serial bonds shall be those bonds scheduled to mature on December 15, 2015 through 2036, and the term bonds shall be those bonds scheduled to mature December 15, 2038.

The term bonds due December 15, 2038 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 15, 2037 at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

Year	Principal Amount to be Redeemed
2037	\$800,000

Unless otherwise called for redemption, the remaining \$840,000 principal amount of the bonds due December 15, 2038 is to be paid at stated maturity.

Optional Redemption

The Bonds maturing on or after December 15, 2021 are subject to optional redemption prior, in whole or in part on any date in any order maturity as determined by the Board of Education and by lot within a maturity, at the option of the Board of Education on or after December 15, 2020 at par plus accrued interest thereon.

Certificates of Participation, Series 2014

Proceeds from the outstanding certificates were used for the purpose of construction, additions to and renovating and improving existing school buildings and facilities. These certificates were issued on June 4, 2014. The certificates consisted of \$3,300,000 in current interest certificates (\$695,000 issued as serial certificates and \$2,605,000 issued as term certificates). The serial certificates will mature on December 15, 2021. The term certificates which mature on December 15, 2040. The certificates are being retired through the Bond Retirement Debt Service Fund.

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

Maturity Date (December 15)	Principal Amount	Interest Rate
2017	\$85,000	2.00%
2018	90,000	2.00%
2019	90,000	2.00%
2020	95,000	2.50%
2021	95,000	2.75%

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

12. LONG-TERM OBLIGATIONS - (Continued)

The term certificates maturing December 15, 2023 will be subject to mandatory sinking fund redemption in part by lot on December 15, 2022 and each December 15 thereafter (with the balance of \$100,000 to be paid at state maturity on December 15, 2023) at 100% of the principal amount so redeemed plus accrued interest to the date of redemption in the amounts set forth below:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2022	\$95,000

The term certificates maturing December 15, 2025 will be subject to mandatory sinking fund redemption in part by lot on December 15, 2024 and each December 15 thereafter (with the balance of \$105,000 to be paid at state maturity on December 15, 2025) at 100% of the principal amount so redeemed plus accrued interest to the date of redemption in the amounts set forth below:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2024	\$105,000

The term certificates maturing December 15, 2027 will be subject to mandatory sinking fund redemption in part by lot on December 15, 2026 and each December 15 thereafter (with the balance of \$115,000 to be paid at state maturity on December 15, 2027) at 100% of the principal amount so redeemed plus accrued interest to the date of redemption in the amounts set forth below:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2026	\$110,000

The term certificates maturing December 15, 2029 will be subject to mandatory sinking fund redemption in part by lot on December 15, 2028 and each December 15 thereafter (with the balance of \$125,000 to be paid at state maturity on December 15, 2029) at 100% of the principal amount so redeemed plus accrued interest to the date of redemption in the amounts set forth below:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2028	\$120,000

The term certificates maturing December 15, 2031 will be subject to mandatory sinking fund redemption in part by lot on December 15, 2030 and each December 15 thereafter (with the balance of \$135,000 to be paid at state maturity on December 15, 2031) at 100% of the principal amount so redeemed plus accrued interest to the date of redemption in the amounts set forth below:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2030	\$130,000

The term certificates maturing December 15, 2033 will be subject to mandatory sinking fund redemption in part by lot on December 15, 2032 and each December 15 thereafter (with the balance of \$145,000 to be paid at state maturity on December 15, 2033) at 100% of the principal amount so redeemed plus accrued interest to the date of redemption in the amounts set forth below:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2032	\$140,000

**BRYAN CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

12. LONG-TERM OBLIGATIONS - (Continued)

The term certificates maturing December 15, 2035 will be subject to mandatory sinking fund redemption in part by lot on December 15, 2034 and each December 15 thereafter (with the balance of \$155,000 to be paid at state maturity on December 15, 2035) at 100% of the principal amount so redeemed plus accrued interest to the date of redemption in the amounts set forth below:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2034	\$150,000

The term certificates maturing December 15, 2038 will be subject to mandatory sinking fund redemption in part by lot on December 15, 2036 and each December 15 thereafter (with the balance of \$175,000 to be paid at state maturity on December 15, 2038) at 100% of the principal amount so redeemed plus accrued interest to the date of redemption in the amounts set forth below:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2036	\$160,000
2037	170,000

The term certificates maturing December 15, 2040 will be subject to mandatory sinking fund redemption in part by lot on December 15, 2039 and each December 15 thereafter (with the balance of \$190,000 to be paid at state maturity on December 15, 2040) at 100% of the principal amount so redeemed plus accrued interest to the date of redemption in the amounts set forth below:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2039	\$180,000

Optional Redemption

The certificates maturing on or after December 15, 2023 are subject to redemption, in whole or in part, prior to their stated maturity, after the exercise by the School District of its option to purchase the Project, as provided in the Lease, on any Payment Date on and after December 15, 2021 at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the date fixed for redemption.

Total expenditures for interest for the above debt for the period ended June 30, 2017 was \$1,276,595.

The scheduled payments of principal and interest on the bonds and notes as of June 30, 2017 are as follows:

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

12. LONG-TERM OBLIGATIONS - (Continued)

Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$670,000	\$1,288,479	\$1,958,479
2019	690,000	1,279,241	1,969,241
2020	710,000	1,267,085	1,977,085
2021	735,000	1,251,441	1,986,441
2022	755,000	1,229,235	1,984,235
2023 – 2027	4,796,223	5,737,480	10,533,703
2028 – 2032	6,670,000	4,630,288	11,300,288
2033 – 2037	7,332,175	4,772,865	12,105,040
2038 – 2042	11,680,000	1,278,670	12,958,670
Total	<u>\$34,038,398</u>	<u>\$22,734,784</u>	<u>\$56,773,182</u>

13. CAPITALIZED LEASES - LESSEE DISCLOSURE

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

These expenditures are reflected as program/function expenditures on the accompanying financial statements. Principal payments in the 2017 fiscal year totaled \$60,585.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2017:

<u>General Long-Term Obligations</u>	
<u>Year Ending June 30,</u>	<u>Equipment</u>
2018	<u>\$24,323</u>
Less: Amount Representing Interest	<u>(1,227)</u>
Present Value of Future Minimum Lease Payments	<u>\$23,096</u>

14. 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.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

	Capital Acquisition
Set-Aside Cash Balance as of June 30, 2016	
Current Year Set-Aside Requirements	\$344,915
Current Year Offsets	(\$344,915)
Qualifying Disbursements	_____
Total	_____
Cash Balance Carried Forward To FY 2018	_____

15. CONTINGENCIES

A. Federal and State 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2017.

B. School Foundation

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2015-2016 school year, traditional school districts must comply with minimum hours of instruction instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2017, foundation funding for the District, therefore, any financial statement impact is not determinable at this time.

C. Litigation

The District is involved in a case arising from the termination of a former employee which alleges that the District unlawfully retaliated against the former employee for reporting alleged misconduct of District administrative staff. Management and its legal counsel periodically review the probable outcome of the pending claim and proceedings, the costs and expenses reasonably expected to be incurred, the availability and limits of the District's insurance coverage, and the District's accruals for uninsured liabilities. While the ultimate legal and financial liability with respect to the claim and proceedings cannot be estimated with certainty, management believes, based on its reviews and experience to date, that any liability in excess of amounts covered by insurance will not have a material effect on the District's financial statements.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

16. JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Computer Association

The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, and Williams Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Total disbursements made by the District to NWOCA during this fiscal year were \$85,721. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among various educational entities located in Defiance, Fulton, Henry, and Williams counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the four counties, in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. To obtain financial information, write to the Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

C. Four County Career Center

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

D. Northwestern Ohio Educational Research Council, Inc.

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

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

16. JOINTLY GOVERNED ORGANIZATIONS (Continued)

E. Northwest Ohio Special Education Regional Resource Center

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

F. Northwest Ohio Regional Professional Development Center

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

17. INSURANCE POOLS

A. Employee Insurance Benefits Program

The District participates in a group health insurance pool through the Optimal Health Initiative Consortium (OHI) Insurance Benefits Program (the Pool) 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 \$2,528,934 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.

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 Ohio Health Initiatives (OHI) Workers' Compensation Group Rating Plan (WCGRP) was established through the Ohio Health Initiatives (OHI) 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.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

17. INSURANCE POOLS (Continued)

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's enrollment fee to WCGRP to cover the costs of administering the program was waived.

18. INTERFUND TRANSACTIONS

During the year ended June 30, 2017, \$47,782 was transferred from the General Fund to the Permanent Improvement fund to subsidize capital improvements. In addition, \$128,130 was transferred from the Permanent Improvement fund to the OSFC Project Maintenance fund. The amount will be used to fund maintenance of the District's school buildings.

19. ACCOUNTABILITY AND COMPLIANCE

Accountability

At June 30, 2017, Title VI-B, Title I and Preschool Disabilities special revenue funds had deficit fund balances of \$39,947, \$58,595 and \$1,704, respectively, resulting from the funds being reimbursement grants. The General Fund provides transfers to cover deficit balances when cash is needed.

Compliance

Ohio Administrative Code Section 117-2-03 (B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

Change in Accounting Principles

For fiscal year 2017, the District has implemented GASB Statement No. 77, "*Tax Abatement Disclosures*", GASB Statement No. 78, "*Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*", GASB Statement No. 80, "*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*" and GASB Statement No. 82, "*Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*".

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. These disclosures were incorporated in the District's fiscal year 2017 financial statements (see Note 21); however, there was no effect on beginning net position/fund balance.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the District.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

19. ACCOUNTABILITY AND COMPLIANCE (Continued)

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the District.

20. FUND BALANCE

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

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

<u>Fund Balance</u>	<u>General</u>	<u>Bond Retirement Fund</u>	<u>Classroom Facilities Assistance Program Project Fund</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Restricted for:					
Regular Instruction				\$25,562	\$25,562
Special Instruction				4,270	4,270
Athletics				233,932	233,932
Food Service Operations				76,817	76,817
Facilities Maintenance				419,864	419,864
Debt Retirement		\$643,877			643,877
Building Construction			\$6,861,292	601,060	7,462,352
Total Restricted		643,877	6,861,292	1,361,505	8,866,674
Committed for:					
Permanent Improvements				2,348,341	2,348,341
Assigned for:					
Educational Activities	\$146,652				146,652
Unpaid Obligations (encumbrances)	84,142				84,142
Appropriations	938,799				938,799
Total Assigned	1,169,593				1,169,593
Unassigned	11,530,512			(100,246)	11,430,266
Total Fund Balance	\$12,700,105	\$643,877	\$6,861,292	\$3,609,600	\$23,814,874

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

21. TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

The City of Bryan and Pulaski Township entered into tax abatement agreements with various companies for the abatement of property taxes to bring jobs and economic development into the area. The agreement affects the property tax receipts collected and distributed to the District. Under the agreements, the District property taxes were reduced by \$208,824 during fiscal year 2017. The District did not receive compensation for the forgone property taxes.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program - Cash Assistance	10.553		\$52,680
National School Lunch Program - Cash Assistance	10.555		340,955
Non-Cash Assistance (Food Distribution)			63,281
Total National School Lunch Program			<u>404,236</u>
Total Child Nutrition Cluster			<u>456,916</u>
Total U.S. Department of Agriculture			<u>456,916</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I Grant to Local Educational Agencies	84.010		467,344
<u>Special Education Cluster (IDEA):</u>			
Special Education - Grants to States (IDEA, Part B)	84.027		433,430
Special Education - Preschool Grants (IDEA, Preschool)	84.173		15,267
Total Special Education Cluster (IDEA)			<u>448,697</u>
21st Century Community Learning Centers	84.287		15,000
English Language Acquisition State Grants	84.365	\$1,738	1,738
Improving Teacher Quality State Grants	84.367		69,503
Total U.S. Department of Education		<u>1,738</u>	<u>1,002,282</u>
Total Expenditures of Federal Awards		<u>\$1,738</u>	<u>\$1,459,198</u>

The accompanying notes are an integral part of this schedule.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Bryan City School District, Williams County, Ohio (the District) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - SUBRECIPIENTS

The District passes certain federal awards received from the Ohio Department of Education to other governments or not-for-profit agencies (subrecipients). As Note B 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.

NOTE D - 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 E – FOOD DONATION PROGRAM

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



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*

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

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 cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bryan City School District, Williams County, Ohio (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 20, 2018, 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 first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider significant deficiencies. We consider findings 2017-002 and 2017-003 to be significant deficiencies.

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 2017-001.

District's Response to Findings

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

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 report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

March 20, 2018



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 THE UNIFORM GUIDANCE

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

To the Board of Education:

Report on Compliance for each Major Federal Program

We have audited Bryan City School District, Williams County, Ohio's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Bryan City School District's major federal programs for the year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance 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 each of the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on each Major Federal Program

In our opinion, Bryan City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2017.

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 the Uniform Guidance, 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 over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

March 20, 2018

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2017**

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Child Nutrition Cluster Special Education Cluster
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

FINDING NUMBER 2017-001

Noncompliance Citation

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

Ohio Admin. Code § 117-2-03(B) adds to the requirements of Ohio Revised Code § 117.38 and requires the District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP).

As a cost savings measure, management prepared the District's 2017 financial statements on a cash basis of accounting in a format similar to financial statements by Governmental Accounting Board Statement No. 34. This presentation differs from accounting principles accepted in the United States of America (GAAP). The accompanying financial statements and notes omit material assets, liabilities, fund equities, and disclosures. Variances on the financial statements between the District's accounting practice and GAAP, while presumably material, cannot reasonably be determined at this time. The District may 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 and filed in accordance with generally accepted accounting principles.

Officials' Response:

See corrective action plan.

FINDING NUMBER 2017-002

Significant Deficiency – Restricted Amounts

Governmental Accounting Standards Board (GASB) Statement No. 34, - Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments, paragraph 34 (amended by GASB Statement No. 63) provides that net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutionally provisions or enabling legislation.

Restricted net position reported on the statement of net position incorrectly included \$2,046,709 including amounts which did not have constraints placed on use either imposed externally or by law. These monies should have been classified as unrestricted net position on the government-wide statement of net position.

An adjustment was made to the statement of net position to correct this error. A final review of the financial statements may have detected these errors.

In order to ensure the District's net position is reported in accordance with GASB 34, we recommend the District review GASB statement 34 and the financial statements for errors prior to filing.

Officials' Response

See corrective action plan.

FINDING NUMBER 2017-003

Significant Deficiency – Refunding Debt Transaction

The Uniform School Accounting System (USAS) manual, as explained in Auditor of State Bulletin 2006-004, has established function code 7910 – Payment to Refunded Bond Escrow Agent to account for bond refunding's.

The District issued \$8,023,398 in bonds to refinance a portion of the outstanding bonds on the 2014 construction, additions and renovation bond issues. The \$9,305,306 generated from the sale of these bonds were paid to an escrow agent who will retire a portion of outstanding principal from the 2014 issue. The proceeds which were paid to the escrow agent were incorrectly recorded to function 6100 – Debt Service: Principal Retirement (\$9,305,306) in the District's accounting records and on the financial statements.

The District was unaware these monies should have been recorded as function code 7910, which results in these monies being presented as "Payment to Refunded Bond Escrow Agent".

An adjustment was made to the Bond Retirement Fund to record \$9,305,306 as Payment to Refunded Bond Escrow Agent in the financial statements. A final review of the financial statements may have detected this error.

We recommend that management review Auditor of State Bulletin 2006-004 and prior to filing; conduct a review of the financial statements to detect possible errors.

Officials' Response:

See corrective action plan.

3. FINDINGS FOR FEDERAL AWARDS

None

Bryan City Schools

SUPERINTENDENT OF SCHOOLS
Diana L. Savage

TREASURER/CFO
Robin R. Rosswurm

1350 Fountain Grove Drive
Bryan, Ohio 43506
419-636-6973
FAX 419-633-6280

BOARD OF EDUCATION
Scott Benedict
Cindra Keeler
Thomas Lingvai
Debra Opdycke
Mike Stockman

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03 (B) – for not reporting in accordance with generally accepted accounting principles.	Not corrected and reissued as finding 2017-001 in this report.	Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.
2016-002	Material weakness for incorrect reporting of investments purchased from the cash pool and of certain fund investments with maturities less than three months.	Corrective Action Taken and Finding is Fully Corrected.	
2016-003	Significant deficiency for overstatement of Restricted Net Position on the Statement of Net Position.	Not corrected and reissued as finding 2017-003 in this report.	Net position was incorrectly classified as restricted. Management is aware and understands the importance of the information presented on the statement of net position and will ensure classifications will be accurately identified and reported.

Bryan City Schools

SUPERINTENDENT OF SCHOOLS

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TREASURER/CFO

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BOARD OF EDUCATION

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Cindra Keeler

Thomas Lingvai

Debra Opdycke

Mike Stockman

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

JUNE 30, 2017

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.	N/A	Rob Rosswurm, CFO/Treasurer
2017-002	Management is aware and understands the importance of the information presented on the financial statements and will ensure that net position classifications will be accurately identified and reported.	FY2018	Rob Rosswurm, CFO/Treasurer
2017-003	Management is aware and understands the importance of the information presented on the financial statements and will ensure the payment to refunded bond escrow agent is posted as so.	FY2018	Rob Rosswurm, CFO/Treasurer

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Dave Yost • Auditor of State

BRYAN CITY SCHOOL DISTRICT

WILLIAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 29, 2018**