

**BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS
(AUDITED)***

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2011**

RHONDA MELCHI, TREASURER/CFO



Dave Yost • Auditor of State

Board of Education
Bowling Green City School District
137 Clough Street
Bowling Green, Ohio 43402

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

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

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

Dave Yost
Auditor of State

January 20, 2012

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**BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY, OHIO**

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BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL
AS OF JUNE 30, 2011

ELECTED OFFICIALS

Board of Education	Title	Term of Office
Lee HakeI	President	1/1/08 – 12/31/11
Thomas Milbrodt, Ph.D.	Vice President	1/1/08 – 12/31/11
Stephen Cernkovich, Ph.D.	Member	1/1/08 – 12/31/11
Ellen Scholl	Member	1/1/10 – 12/31/13
Eric Myers, Ph.D.	Member	1/1/10 – 12/31/13

ADMINISTRATIVE PERSONNEL

Administrative	Title	Term of Contract
Ann F. McVey, E.D.	Superintendent	1/1/11 – 7/31/14
Rhonda Melchi, CPA ²	Treasurer	1/1/10 – 7/31/14

LEGAL COUNSEL

External:

Bricker & Eckler, LLP
Attorneys at Law
100 South Third Street
Columbus, Ohio 43215

¹ Surety: Buckeye Union Insurance Company
Bond: \$5,000

² Surety: Buckeye Union Insurance Company
Bond: \$25,000

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

INDEX OF FUNDS PER GASB 54 CLASSIFICATIONS

GOVERNMENTAL FUNDS

General Fund

General Fund
Public School Support Fund
Severance Benefits Fund (H.B. 426)

Special Revenue Funds

Tributes Fund
Other Local Grants Fund
District Managed Activity Funds
Auxiliary Services Fund
Management Information Systems Fund
Miscellaneous State Grants Fund
Poverty Based Assistance Fund
Education Jobs Fund
IDEA - Special Education, Part B Fund
ARRA State Fiscal Stabilization Fund
Title II-D - Technology
Title III – Immigrant Fund
Title I – Targeted Assistance Grant Fund
Title II-A Grant Fund
Early Childhood Special Education – IDEA Fund

Debt Service Funds

Bond Retirement Fund

Capital Projects Funds

Permanent Improvement Fund
Construction Fund

Permanent Fund

Memorials Fund

PROPRIETARY FUNDS

Enterprise Funds

Food Service Fund

FIDUCIARY FUNDS

Agency Funds:

Student Activity Funds
District Agency Fund



Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Accountants' Report

Bowling Green City School District
137 Clough Street
Bowling Green, Ohio 43402

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, its major fund, and the aggregate remaining fund information of the Bowling Green City School District, Wood County, Ohio, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Bowling Green City School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Bowling Green City School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, its major fund, and the aggregate remaining fund information of the Bowling Green City School District, Wood County, Ohio, as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during fiscal year ended June 30, 2011, the Bowling Green City School District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2011, on our consideration of the Bowling Green City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* on pages 3 - 9 and *Required Budgetary Comparison Schedule* on page 42, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

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



Julian & Grube, Inc.
December 14, 2011

BOWLING GREEN CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

The Management's Discussion and Analysis is required by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The purpose of this supplementary information is to provide a narrative overview of the accompanying financial statements although readers should also review the basic financial statements and notes to gain a complete understanding of the District's financial performance.

OVERVIEW OF THE FINANCIAL STATEMENTS

These basic financial statements include two kinds of statements that present different views of the District:

Government-wide Statements – These financial statements provide both long-term and short-term information about the District's overall financial status.

Fund Financial Statements – These statements focus on individual parts of the District, reporting the District's operations in more detail than the Government-wide financial statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-wide Statements

The Government-wide statements report information about the District as a whole using accounting similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two Government-wide statements report the District's net assets and how they have changed. Net assets (the difference between the District's assets and liabilities) are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District one needs to consider additional nonfinancial factors such as property tax base, current property tax laws, and student enrollment growth and facility conditions.

The Government-wide financial statements of the District fall into two categories:

- Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, non-instructional and extracurricular activities.
- Business-type Activities – The District operates a food service program. These activities are intended to be self-supporting.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds rather than the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

BOWLING GREEN CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

Governmental Funds – Most of the District's activities are reported in Governmental Funds, which focus on (a) how money flows into and out of those funds and (b) the balances left at year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Government-wide statements) and governmental funds is reconciled in the financial statements. For the fiscal year ended June 30, 2011 the General Fund was considered "major" for reporting purposes due to its level of activity and is reported separately from all other Governmental funds in the fund financial statements. The District implemented Governmental Accounting Standard Board (GASB) Statement 54 for fiscal year ending June 30, 2011. In accordance with GASB 54, certain reclassifications of funds were made to include their activity as part of the General Fund rather than inclusion in other governmental funds.

Proprietary Funds – The District uses an enterprise fund to report activities for which fees are charged. This enterprise fund is the same as a business-type activity, but provides more detail and additional information such as cash flows.

Fiduciary Funds – The District is the agent, or fiduciary, for various student-managed activity programs and other similar programs listed as agency funds. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets – The following table shows a comparative analysis of net assets for the fiscal years ended June 30, 2011 and 2010:

	Governmental Activities			Business-type Activities		
	2011	2010	Increase/ (Decrease)	2011	2010	Increase/ (Decrease)
Current and other assets	\$ 33,215,388	\$ 33,380,396	\$ (165,008)	\$ 305,460	\$ 286,691	\$ 18,769
Capital assets, net	32,167,651	33,651,010	(1,483,359)	67,294	59,723	7,571
Total assets	65,383,039	67,031,406	(1,648,367)	372,754	346,414	26,340
Long-term obligations outstanding	30,022,088	31,105,483	(1,083,395)	57,066	55,889	1,177
Other liabilities	18,072,428	18,302,300	(229,872)	97,626	115,838	(18,212)
Total liabilities	48,094,516	49,407,783	(1,313,267)	154,692	171,727	(17,035)
Net assets						
Invested in capital assets, net of related debt	5,322,325	5,857,244	(534,919)	67,294	59,723	7,571
Restricted	5,096,533	5,521,819	(425,286)	-	-	-
Unrestricted	6,869,665	6,244,560	625,105	150,768	114,964	35,804
Total net assets	\$ 17,288,523	\$ 17,623,623	\$ (335,100)	\$ 218,062	\$ 174,687	\$ 43,375

In August, 2009, the District opened a new middle school building. As the previous building was no longer needed, the District sold its old junior high building to the City of Bowling Green in July, 2010, for one dollar. This sale accounts for a majority of the decrease in Net Capital Assets in fiscal year 2011. Principal payments on the District's bond issues, discussed later in this document, account for a significant portion of the decrease in long-term liabilities of the District.

BOWLING GREEN CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

Changes in Net Assets - The following table shows the changes in net assets for the fiscal year ending June 30, 2011 as compared with 2010:

	Governmental Activities			Business-type Activities		
	2011	2010	Increase/ (Decrease)	2011	2010	Increase/ (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 863,524	\$ 856,094	\$ 7,430	\$ 622,245	\$ 651,821	\$ (29,576)
Operating grants	2,804,913	2,158,769	646,144	624,019	584,290	39,729
General revenues						
Property and income taxes	20,827,638	19,141,629	1,686,009	-	-	-
Unrestricted grants	10,732,264	10,893,459	(161,195)	-	-	-
Other	191,294	417,140	(225,846)	816	4,515	(3,699)
Total revenues	35,419,633	33,467,091	1,952,542	1,247,080	1,240,626	6,454
Expenses						
Instruction	21,022,876	19,150,320	1,872,556	-	-	-
Support services	10,889,560	11,294,331	(404,771)	-	-	-
Noninstructional	415,808	333,668	82,140	-	-	-
Extracurricular Activities	87,3638	811,873	61,765	-	-	-
Operations and Maintenance	740,091	1,588,502	(848,411)	-	-	-
Interest and Fiscal Charges	1,207,730	1,249,566	(41,836)	-	-	-
Other	605,030	367,951	237,079	-	-	-
Food Service	-	-	-	1,203,705	1,247,728	(44,023)
Uniform School Supplies	-	-	-	-	9,483	(9,483)
Total expenses	35,754,733	34,796,211	958,522	1,203,705	1,257,211	(53,506)
Change in Net Assets	(335,100)	(1,329,120)	994,020	43,375	(16,585)	59,960
Beginning net assets	17,623,623	18,952,743	(1,329,120)	174,687	191,272	(16,585)
Ending net assets	\$ 17,288,523	\$ 17,623,623	\$ (335,100)	\$ 218,062	\$ 174,687	\$ 43,375

Governmental Activities

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. As an example, a homeowner with a home with an assessed value of \$100,000 and taxed at 1.0 mill would pay \$35 in taxes at the time the levy is voted in. If during the County's reappraisal the home's assessed value was increased to \$200,000 (and this increase is comparable to increases for other property owners in the neighborhood) the effective tax rate would become 0.5 mills and the owner would continue to pay \$35 in property tax. However, the effective total millage cannot be reduced below 20 mills according to state statute. This maintenance of the amount of property taxes generated coupled with the state funding method cause school districts to regularly return to voters in order for revenues to keep pace with expenses. In addition to property taxes, residents of the school district pay .5% (one-half percent) of their income in school district income tax. Since the District must rely heavily on voter approval of operating tax issues, management of District resources is of utmost concern to both the administration and the voting public. The District uses a five-year financial forecast to determine whether current tax levies can sustain operations. The last forecast in the fiscal year ended June 30, 2011 reflects a need for additional operating resources in fiscal year 2014 based upon the assumptions used in formulating the forecast.

Property and income taxes made up 58.8% of revenues for governmental activities of the Bowling Green City School District in fiscal year 2011 and 57.2% in fiscal year 2010. Property tax revenues increased in fiscal year 2011 because voters approved an emergency levy in November, 2010. School district income tax collections were up 5% as the economy slowly recovers. Also contributing to the increase in tax revenue were additional property taxes collected before June 30, 2011 and considered available for revenue recognition.

BOWLING GREEN CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

The following table demonstrates the District's reliance upon tax revenues:

Revenue Source	2011		2010	
	Amount	% of Total	Amount	% of Total
General tax revenues	\$ 20,827,638	58.8%	\$ 19,141,629	57.2%
Unrestricted grants	10,732,264	30.3%	10,893,459	32.5%
Program revenues	3,668,437	10.4%	3,014,863	9.0%
Other revenues	191,294	0.5%	417,140	1.2%
Total Revenue	\$ 35,419,633	100.0%	\$ 33,467,091	100.0%

The District saw reductions in its foundation funding from the State of Ohio and overall unrestricted grants decreased slightly in fiscal year 2011. "Hold harmless" payments from the State of Ohio to offset the phase-out of tangible personal property tax climaxed in fiscal year 2011. The "hold harmless" payments will drop in an amount not to exceed 2% of *total revenues* in 2012 and again in 2013 according to the State's budget bill that went into effect July 1, 2011. Program revenues were increased primarily from funding from the Federal American Recovery and Reinvestment Act. A portion of these funds were used by the State to offset the reduction in foundation funding (State Fiscal Stabilization Funds) but there were also increased Title I and IDEA Special Education, Part B funds. The recessionary economy played a key role in the sharp decline of interest earnings which are reported in other revenues.

Business-type Activities

Business-type activities account for the District's food service program. The District discontinued use of the Uniform School Supplies Fund to account for supplies sold to students. Student lunch purchases decreased during fiscal year 2011 and there was once again a slight increase in the federal free and reduced lunch grant program. This year the program increased \$39,729 which may be contributed to the unemployment rate. A net increase of \$43,375 was realized in the proprietary funds because fewer new program additions were required in 2011. The net assets balance is healthy, but management will continue to keep a watch on future operations.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's Governmental Funds reported a combined fund balance of \$14,620,163. This was relatively steady in comparison to June 30, 2010. The schedule below indicates the fund balance and total change in fund balance by fund type as of June 30, 2011 and 2010.

	Fund Balance June 30, 2011	Restated	Increase (Decrease)
		Fund Balance June 30, 2010	
General Fund	\$ 9,277,346	\$ 8,819,363	\$ 457,983
Other Governmental	5,342,817	5,763,449	(420,632)
Total	\$ 14,620,163	\$ 14,582,812	\$ 37,351

Most of the increase in the General Fund is the result of additional property taxes receivable while the decrease in Other Governmental Funds is the mainly result the use of funds for debt service. The District has also continued to reduce its overall spending as discussed further under "Economic Factors".

BOWLING GREEN CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

Budgetary Highlights

A supplementary schedule is included after the Notes to the Financial Statements to present budgetary information for the General Fund of the District. Minor amendments were made to the General Fund appropriations. Budgeted revenues were revised due to partial collections of the emergency levy passed by voters in November, 2010 and collectible beginning January 1, 2011.

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS ADMINISTRATION

Capital Assets

At June 30, 2011, the District had net capital assets in the amount of \$32,167,651 invested in land, buildings and improvements, furniture and equipment, and vehicles. As mentioned in near the beginning of this discussion, the new middle school was opened in August, 2009 and the old junior high building was subsequently sold to the City of Bowling Green in July, 2010. Accordingly, net capital assets decreased \$1,475,788. The District owns no infrastructure. The following table presents comparative balances for fiscal years 2011 and 2010:

	Governmental Activities		Business-type Activities		Total	Total	Total
	2011	2010	2011	2010	2010	2009	Increase (Decrease)
Land	\$ 373,599	\$ 414,624	\$ -	\$ -	\$ 373,599	\$ 414,624	\$ (41,025)
Buildings & Improvements	40,596,679	42,157,748	-	-	40,596,679	42,157,748	(1,561,069)
Furniture & Equipment	4,216,313	4,023,424	313,323	295,557	4,529,636	4,318,981	210,655
Vehicles	1,953,628	1,919,428	-	-	1,953,628	1,919,428	34,200
Accumulated depreciation	(14,972,568)	(14,864,214)	(246,029)	(235,834)	(15,218,597)	(15,100,048)	(118,549)
Net Capital Assets	\$ 32,167,651	\$ 33,651,010	\$ 67,294	\$ 59,723	\$ 32,234,945	\$ 33,710,733	\$ (1,475,788)

Long-term Obligations

At June 30, 2011, the District's governmental activities had long-term liabilities totaling \$30,022,088. The District issued general obligation bonds in 2007 in the amount of \$27,500,000 for the construction of the middle school facility. Combined with the previously existing 1995 general obligation bonds, total outstanding general obligation bonds amount to \$25,845,000 with \$340,000 due within one year, and unamortized bond premium of \$1,246,810. The 1995 bond issue will be paid in full on December 1, 2011. The remaining long-term obligations consist of probable payments for compensated absences in the amount of \$2,930,278. These probable payments have decreased \$115,379 since June 30, 2011 as many long-time employees have retired.

Under current state statutes, the District's debt issues are subject to a legal limitation of 9% of the total assessed value of real and personal property. At June 30, 2011, the District's outstanding debt was within the legal limit.

ECONOMIC FACTORS

School district income tax collections rose 6% or \$144,858 from fiscal year 2010 to fiscal year 2011; the first increase in collections in several years. The recession plaguing the whole country has been affecting the local economy for the last few years. While economists have opined that the recession in this country is over, little growth is still expected for fiscal year 2012. The State's financial situation is still gloomy

BOWLING GREEN CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

and further reductions in state foundation funding have been implemented in the State's biennial budget for fiscal years 2012 and 2013. Interest rates dropped to near zero leading to further reduced interest revenues. Property tax revenue is affected by foreclosures and appeals for reduced property values, although the District itself has not been affected as badly as some districts in neighboring counties.

State foundation funding had remained flat for years for Bowling Green City School District. This funding is based upon assessed local property values. Because property values in the District had increased over the years, the foundation formula assumed that property taxes also increased thereby reducing the District's need for state funding. However, as discussed in the Financial Analysis section of this narrative, property taxes do not actually grow with increased property values. Prior to 2006, the District had been on the "fiscal year 1998 guarantee" for state foundation funding. This meant the District had been guaranteed to receive the same amount of funding as it did seven years prior even though, based upon property values, state funding should be significantly less than received in fiscal year 1998. With the passage of the budget bills for fiscal years 2006 through 2009, the District went on the Transitional Aid Guarantee, which essentially equated to the "fiscal year 1998 guarantee" for this District because the Transitional Aid Guarantee ensured that the District will receive what it did in fiscal year 2005 – the same that it did in fiscal year 1998. However, as noted previously, this foundation funding was reduced in fiscal years 2010 and 2011. Operating costs have obviously risen far beyond 1998 levels despite the steps that have been taken to control personnel and other operating costs. Thus, the District is forced to seek additional taxes from its citizens to compensate for the lack of growth in state funding. A \$1,000,000 Emergency Levy for a period of five years was passed by voters in November, 2010. The District is continuing to implement budget cuts where feasible. One such measure being undertaken for fiscal year 2012 is the closure of an elementary school.

Significant changes were implemented in the tax structure by the Ohio General Assembly beginning in fiscal year 2006. Effective January 1, 2006, HB 66 phased out tangible personal property tax over a four year period with 2009 being the final year. These taxes had comprised approximately 10% of the District's revenues. HB 66 provided for "hold harmless" payments to replace these revenues through 2010 at which time these payments were scheduled to be phased out. HB 1 passed in 2009 retained the full amount of these payments through 2013 although the "hold harmless" payments would be in declining amounts, however, to reflect the phase-out of the inventory portion of tangible personal property that was already in law prior to the passage of HB 66. HB 153, the State's biennial budget for fiscal year 2012 and 2013 reduces the "hold harmless" payments up to 2% of the District's total revenues for each of the two years. In fiscal year 2012 this will amount to reduced revenues of approximately \$578,000 and an additional \$578,000 in 2013. The State of Ohio does not currently have a funding formula in place for public schools. Instead, a "bridge" formula is a transitional approach being used until the current administration can determine a new funding mechanism. The details of this approach are described on the Ohio Department of Education's website on the Finance/State Funding for Schools page.

Several court decisions have been issued as a result of the school funding cases filed against the State. The Supreme Court relinquished jurisdiction over the case in late 2002 and directed the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient. It is unknown what effect, if any, this decision will have on future funding the District receives from the State. However, as described earlier in this presentation, this District relies heavily upon local funding.

The Board of Education and the Administration of the Bowling Green City School District have committed themselves to providing a sound educational program for the citizens of the District while maintaining fiscal integrity. Accordingly, facilities, programs and operational practices have been and will continue to be under constant review to determine what, if any, changes are needed. Of note, since

BOWLING GREEN CITY SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

fiscal year 2005, the District has closed two of its six elementary buildings with a third closure planned for fiscal year 2013. In conjunction with these closures, the number of staff members has been reduced.

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 demonstrate the District's accountability for the money it receives. Inquiries about this report may be directed to Rhonda Melchi, Treasurer, Bowling Green City School District, 137 Clough Street, Bowling Green, Ohio 43402.

Bowling Green City School District, Wood County
Statement of Net Assets
As of June 30, 2011

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 6,833,680	\$ 285,353	\$ 7,119,033
Cash in segregated accounts	3,000	-	3,000
Investments	6,786,817	-	6,786,817
Receivables			
Property taxes - current	17,329,109	-	17,329,109
Property taxes - delinquent	296,715	-	296,715
School district income tax	1,000,951	-	1,000,951
Accounts	52,041	57	52,098
Accrued interest	31,697	-	31,697
Intergovernmental	454,263	-	454,263
Materials & supplies inventory	81,592	20,050	101,642
Prepaid items	98,571	-	98,571
Deferred bond issuance costs	246,952	-	246,952
Nondepreciable capital assets	373,599	-	373,599
Depreciable capital assets, net	31,794,052	67,294	31,861,346
Total assets	<u>65,383,039</u>	<u>372,754</u>	<u>65,755,793</u>
Liabilities			
Accounts payable	103,434	-	103,434
Accrued wages and benefits	3,111,412	46,225	3,157,637
Intergovernmental payables	628,646	51,401	680,047
Deferred revenue	14,126,181	-	14,126,181
Accrued interest payable	102,755	-	102,755
Long-term liabilities			
Due within one year	746,497	-	746,497
Due in more than one year	29,275,591	57,066	29,332,657
Total liabilities	<u>48,094,516</u>	<u>154,692</u>	<u>48,249,208</u>
Net assets			
Invested in capital assets, net of related debt	5,322,325	67,294	5,389,619
Restricted for:			
Debt service	1,310,390	-	1,310,390
Capital projects	2,939,256	-	2,939,256
Other purposes	846,887	-	846,887
Unrestricted/undesignated	6,869,665	150,768	7,020,433
Total net assets	<u>\$ 17,288,523</u>	<u>\$ 218,062</u>	<u>\$ 17,506,585</u>

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

Bowling Green City School District, Wood County
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental activities						
Instruction	\$ 21,022,876	\$ 560,217	\$ 1,601,731	\$ (18,860,928)	\$ -	\$ (18,860,928)
Support services	10,889,560	49,484	806,086	(10,033,990)	-	(10,033,990)
Non-instructional	415,808	-	397,096	(18,712)	-	(18,712)
Extracurricular activities	873,638	253,823	-	(619,815)	-	(619,815)
Operations and maintenance	740,091	-	-	(740,091)	-	(740,091)
Interest and fiscal charges	1,207,730	-	-	(1,207,730)	-	(1,207,730)
Miscellaneous	605,030	-	-	(605,030)	-	(605,030)
Total governmental activities	<u>35,754,733</u>	<u>863,524</u>	<u>2,804,913</u>	<u>(32,086,296)</u>	<u>-</u>	<u>(32,086,296)</u>
Business-type activities						
Food service	<u>1,203,705</u>	<u>622,245</u>	<u>624,019</u>	<u>-</u>	<u>42,559</u>	<u>42,559</u>
Total business-type activities	<u>1,203,705</u>	<u>622,245</u>	<u>624,019</u>	<u>-</u>	<u>42,559</u>	<u>42,559</u>
Totals	<u><u>36,958,438</u></u>	<u><u>1,485,769</u></u>	<u><u>3,428,932</u></u>	<u><u>(32,086,296)</u></u>	<u><u>42,559</u></u>	<u><u>(32,043,737)</u></u>
 General Revenues						
Property taxes levied for:						
General purposes				15,974,003	-	15,974,003
Debt service				1,668,811	-	1,668,811
Capital outlay				469,993	-	469,993
Income taxes levied for general purposes				2,714,831	-	2,714,831
Grants & entitlements not restricted to specific programs				10,732,264	-	10,732,264
Payment in lieu of taxes				10,466	-	10,466
Investment earnings				87,940	537	88,477
Miscellaneous				92,888	279	93,167
Total general revenues				<u>31,751,196</u>	<u>816</u>	<u>31,752,012</u>
Change in net assets				(335,100)	43,375	(291,725)
Net assets beginning of year				17,623,623	174,687	17,798,310
Net assets end of year				<u>\$ 17,288,523</u>	<u>\$ 218,062</u>	<u>\$ 17,506,585</u>

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

Bowling Green City School District, Wood County
Balance Sheet
Governmental Funds
As of June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and cash equivalents	\$ 4,227,639	\$ 2,606,041	\$ 6,833,680
Cash in segregated accounts	3,000		3,000
Investments	4,286,817	2,500,000	6,786,817
Receivables:			
Property taxes	15,758,125	1,867,699	17,625,824
School district income taxes	1,000,951	-	1,000,951
Accounts	52,041	-	52,041
Intergovernmental	-	454,263	454,263
Accrued interest	29,698	1,999	31,697
Materials and supplies inventory	81,592	-	81,592
Prepaid items	98,571	-	98,571
Total assets	<u>\$ 25,538,434</u>	<u>\$ 7,430,002</u>	<u>\$ 32,968,436</u>
Liabilities:			
Accounts payable	\$ 50,257	\$ 53,177	\$ 103,434
Accrued wages and benefits	3,010,663	100,749	3,111,412
Compensated absences payable	81,885	-	81,885
Intergovernmental payable	586,313	42,333	628,646
Deferred revenue	12,531,970	1,890,926	14,422,896
Total liabilities	<u>16,261,088</u>	<u>2,087,185</u>	<u>18,348,273</u>
Fund balances:			
Nonspendable	180,163	59,272	239,435
Restricted	-	5,354,053	5,354,053
Committed	975,763	23,931	999,694
Assigned	3,088,532	2,175	3,090,707
Unassigned	5,032,888	(96,614)	4,936,274
Total fund balances	<u>9,277,346</u>	<u>5,342,817</u>	<u>14,620,163</u>
Total liabilities and fund balances	<u>\$ 25,538,434</u>	<u>\$ 7,430,002</u>	<u>\$ 32,968,436</u>

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

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

Total Governmental Fund Balances	\$ 14,620,163
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Delinquent property taxes are not available to pay for current period expenditures, and are, therefore, deferred in the funds	296,715
Capital assets used in governmental activities are not resources and therefore are not reported in the funds	32,167,651
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	<u>(29,796,006)</u>
Net Assets of Governmental Activities	<u><u>\$ 17,288,523</u></u>

Bowling Green City School District, Wood County
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 15,974,003	\$ 2,138,804	\$ 18,112,807
School district income taxes	2,714,831	-	2,714,831
Tuition and fees	578,532	-	578,532
Intergovernmental	10,598,538	2,938,639	13,537,177
Interest	85,118	2,822	87,940
Extracurricular activities	30,292	184,155	214,447
Gifts and donations	-	1,500	1,500
Charges for services	8,788	-	8,788
Miscellaneous	81,342	48,752	130,094
Total Revenues	30,071,444	5,314,672	35,386,116
Expenditures:			
Current:			
Instruction	18,432,981	1,388,087	19,821,068
Support services	10,566,256	837,351	11,403,607
Non-instructional services	2,036	399,396	401,432
Extracurricular activities	632,774	200,258	833,032
Capital outlay	-	740,091	740,091
Debt service			
Principal	-	915,000	915,000
Interest	-	1,253,722	1,253,722
Total expenditures	29,634,047	5,733,905	35,367,952
Excess (deficiency) of revenues over expenditures	437,397	(419,233)	18,164
Other financing sources (uses)			
Proceeds from sale of capital assets	25	1	26
Other financing sources	20,942	-	20,942
Other financing (uses)	(381)	(1,400)	(1,781)
Total other financing sources (uses)	20,586	(1,399)	19,187
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	457,983	(420,632)	37,351
Fund balance July 1, restated	8,819,363	5,763,449	14,582,812
Fund balance June 30	\$ 9,277,346	\$ 5,342,817	\$ 14,620,163

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

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

Net Change in Fund Balances - Total Governmental Funds \$ 37,351

*Amounts reported for governmental activities in the statement
of activities are different because*

Certain property taxes reported on the statement of activities do not provide current financial resources so are not reported as revenue in governmental funds 12,549

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets. (1,483,359)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities. 915,000

Some expenses reported in the statement of activities, such as compensated absences payable and amortization of bond premiums, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 183,359

Change in Net Assets of Governmental Activities \$ (335,100)

Bowling Green City School District, Wood County
Statement of Net Assets
Proprietary Fund
As of June 30, 2011

	Business-Type Activities - Enterprise Fund
Assets:	
Cash and cash equivalents	\$ 285,353
Receivables (net of allowances for uncollectibles)	
Accounts	57
Materials and supplies inventory	20,050
Total current assets	305,460
Capital assets, net	67,294
Total assets	372,754
Liabilities:	
Accrued wages and benefits	46,225
Intergovernmental payable	51,401
Compensated absences payable	57,066
Total liabilities	154,692
Net assets	
Invested in capital assets	67,294
Unrestricted	150,768
Total net assets	\$ 218,062

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

Bowling Green City School District, Wood County
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended June 30, 2011

	Business-Type Activities- Enterprise Fund
Operating revenues:	
Sales	\$ 622,245
Other operating revenues	279
	622,524
Operating expenses:	
Salaries and wages	411,618
Fringe benefits	154,167
Purchased services	8,804
Materials and supplies	468,139
Cost of sales	146,282
Depreciation	10,195
Other operating expenses	4,500
Total operating expenses	1,203,705
Operating income (loss)	(581,181)
Nonoperating revenues (expenses):	
Interest revenue	537
Federal and state subsidies	477,737
Federal donated commodities	146,282
Total nonoperating revenues (expenses)	624,556
Change in net assets	43,375
Net assets at July 1	174,687
Net assets at June 30	\$ 218,062

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

Bowling Green City School District, Wood County
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2011

		Business-Type Activities- Enterprise Fund
Cash flows from operating activities:		
Cash received from sales	\$	622,245
Cash received from other revenues		222
Cash payments for employee services		(410,881)
Cash payments for employee benefits		(170,331)
Cash payments for contract services		(8,804)
Cash payments for supplies and materials		(470,345)
Cash payments for other expenses		(4,500)
Net cash provided by (used for) operating activities		(442,394)
Cash flows from noncapital financing activities:		
Federal and state subsidies		477,737
Net cash provided by noncapital financing activities		477,737
Cash flows from investing activities:		
Interest on investments		537
Net cash provided by investing activities		537
Cash flows from capital and related financing activities:		
Acquisition/disposition of capital assets		(17,766)
Net cash used for capital and related financing activities		(17,766)
Net increase (decrease) in cash and cash equivalents		18,114
Cash and cash equivalents at beginning of year		267,239
Cash and cash equivalents at end of year	\$	285,353
Reconciliation of operating income to net cash provided by (used for) operating activities:		
Operating income (loss)	\$	(581,181)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Depreciation		10,195
Other adjustments to non-operating income		146,282
Changes in assets and liabilities:		
Materials and supplies inventory		(598)
Receivables		(57)
Prepayments		
Accrued interest		
Accounts payable		(1,608)
Accrued wages and benefits		283
Compensated absences payable		1,177
Intergovernmental payable		(16,887)
Net cash provided by (used for) operating activities	\$	(442,394)

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

Bowling Green City School District, Wood County
Statement of Net Assets
Fiduciary Fund
As of June 30, 2011

	<u>Agency</u>
Assets:	
Cash and cash equivalents	\$ 86,787
Total assets	<u>86,787</u>
Liabilities:	
Due to students	79,040
Other current liabilities	7,747
Total liabilities	<u>86,787</u>
Net assets	<u>\$ -</u>

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

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 1- DESCRIPTION OF THE SCHOOL DISTRICT

Bowling Green 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 district as defined by Section 3311.02, Ohio Revised Code. The District operates under an elected five member Board of Education and is responsible for provision of public education to residents of the District. The District is located in Wood County in northwest Ohio. Its boundaries include all of the City of Bowling Green and portions of surrounding townships.

The District serves 3,122 students and encompasses an area of approximately one hundred fifty square miles. The District regularly employs 232 licensed/certificated employees and 105 non-certificated/licensed employees. In addition, the District employed substitute employees to cover the duties of absent bus drivers while contracting with an employment service for all other substitute employees and certain paraprofessionals.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and interpretations issued on or before November 30, 1989 to its governmental and proprietary activities provided they do not conflict or contradict GASB pronouncements. The District has elected not to apply FASB Standards and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds. Governmental Accounting Standards Board (GASB) pronouncements are applied after this date. The District's significant accounting policies are described below.

A. The Reporting Entity

The District's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity as amended by GASB Statement No. 39 determining whether certain organizations are component units. The financial statements of the reporting entity include those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

Jointly Governed Organization:

Penta Career Center: an Ohio Vocational School District

The Penta Career Center is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The school accepts non-tuition students from the District as a member school, however, it is considered a separate political subdivision and is not considered to be part of the District. One member of the Bowling Green City Board of Education serves as a member of the Penta Career Center Board of Education.

The District also participates in two insurance group purchasing pools, described in Note 12.

Non-public Schools

Non-public schools located within the District boundaries include: St. Aloysius and St. Louis Elementary Schools, the Montessori School of Bowling Green, Bowling Green Christian Academy and Plan, Do and Talk Primary. These non-public schools are operated independently of the District. The District receives and disburses auxiliary services

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. The Reporting Entity (Continued)

money from the State for support of these non-public schools as directed by these non-public schools. The receipt and expenditure of these auxiliary services monies are accounted for by the District and are reflected in a Special Revenue Fund for financial reporting purposes, but the non-public schools' operations are not reflected in the accompanying financial statements.

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: Governmental, Proprietary and Fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in Proprietary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following is the District's major Governmental Fund:

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

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

PROPRIETARY FUND

A Proprietary Fund is accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of the Proprietary Fund are included on the balance sheet. The proprietary fund operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net total assets. The following is the District's Proprietary Fund:

Enterprise Fund - The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District's enterprise fund accounts for its food service operation.

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The District's only Fiduciary Funds are Agency Funds that are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The District's Agency Funds account for student activities and other similar activities.

C. Basis of Presentation and Measurement Focus – Financial Statements

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for Fiduciary Funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which Governmental Fund financial statements are prepared. Governmental Fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for Governmental Funds.

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

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of Governmental and Enterprise Fund financial statements is on major funds rather than reporting funds by type. The major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The Enterprise fund is presented in a single column on the face of the proprietary fund statements. Fiduciary Funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a flow of current financial resources measurement focus. The financial statements for Governmental Funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation and Measurement Focus-- Financial Statements (Continued)

All Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's enterprise funds are charges for sales and services. Operating expenses for enterprise funds include the cost of sales and services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

Government-wide, proprietary and fiduciary fund financial statements measure and report all assets, liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The modified accrual basis of accounting is followed by the Governmental Funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. "Measurable" means the amount of the transaction can be determined while "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after the June 30 year-end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, student fees, property taxes available as an advance and income taxes.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

The District reports deferred revenues on its balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue.

On the governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2011, have also been reported as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements, Proprietary Funds and the Fiduciary Funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The Proprietary Funds receive no revenue from property taxes.

E. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds (except agency) while GASB requires only the general and any major special revenue funds to be reported in the supplementary schedules presenting budgetary information. The specific timetable for fiscal year 2011 is as follows:

1. Pursuant to Section 5705.281, ORC, the Wood County Budget Commission has waived the requirement for school districts to adopt a tax budget. In place of the tax budget, the District must submit an estimate of revenues for the fiscal year commencing the following July 1 for all funds by no later than January 20 of the preceding fiscal year.
2. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to July 1, the District must prepare a budget in which total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. This budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary schedule reflect the amounts set forth in the Amended Official Certificate of Estimated Resources and the final Amended Certificate issued for fiscal year 2011.

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets (Continued)

3. By July 1, the annual appropriation resolution is legally enacted by the Board of Education. While the District uses an expenditure account coding system consisting of a minimum of fund number, a four digit function, and a three digit object, the Board adopted appropriation is at the fund and first digit of function level of expenditures for the General Fund and at the fund level for all other district funds. These are considered the legal levels of budgetary control. Administrative control is maintained through the establishment of more detailed line-item budgets. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
4. Any revisions that alter the total of any fund appropriation or alter first digit function appropriations within the General Fund must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.

All departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriation.

6. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2011.
7. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund, first digit function level for the General fund and the fund level for all other funds.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Funds, encumbrances outstanding at year-end appear as a commitment or assignment of the fund balance on the balance sheet and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance.

F. Cash and Investments

Cash received by the District is deposited in a central bank account with individual fund balance integrity maintained. Monies for all funds are maintained in this account or temporarily used to purchase short-term cash equivalent investments (maturity date within three months of the date acquired by the District) which are stated at cost. State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper and repurchase agreements. Under existing Ohio statutes, all investment earnings are credited to the General Fund except those specified according to Board Resolution. Interest earnings are allocated to these funds based on average monthly cash balances. Interest revenue credited to the General fund during fiscal year 2011 amounted to \$85,118 while interest in the amount of \$3,359 was credited to other District funds.

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Investments (Continued)

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost. Money market investments are short-term, highly liquid debt instruments including commercial paper, banker's acceptances and U.S. Treasury and agency obligations.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2011. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2011.

For purposes of presentation in the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time of purchase by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year end is provided in Note 5.

G. Inventory

Inventories for all Governmental Funds are valued at cost (first-in/first out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period-end are reported as assets of the respective fund, which are equally offset by a fund balance classification of nonspendable which indicates they are unavailable for appropriation even though they are a component of reported assets.

Inventories of Proprietary Funds are valued at the lower of cost (first-in/first-out method) or fair value and expensed when used rather than when purchased.

H. Prepaids

Prepayments for Governmental Funds represent cash disbursements that have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefiting from the advance payment. At period-end, because prepayment is not available to finance future Governmental Fund expenditures, an amount equal to the carrying value of the asset is classified as nonspendable in the fund balance.

I. Capital Assets and Depreciation

Property, Plant and Equipment – Governmental Activities

Capital assets are acquired or constructed for governmental activities and are recorded as expenditures in the Governmental Funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements. The District follows the policy of not capitalizing assets with a cost of less than \$3,000 and a useful life of less than five years.

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

Donated capital assets are recorded at fair value at the date received. The District does not possess any infrastructure. Estimated historical costs of capital assets were derived, when information supporting historical costs was not obtainable, by an appraisal company who specializes in this area.

Depreciation

All capital assets, except for land, are depreciated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives.

<u>Asset</u>	<u>Life (years)</u>
Buildings and Improvements	20-50
Furniture, Fixtures and Minor Equipment	5-20
Vehicles	5-10

J. Intergovernmental Revenues

In Governmental Funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary Fund operations are recognized as revenue when measurable and earned.

K. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences is attributable to services already rendered and is not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off *or* other means, such as cash payment at termination or retirement.

A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

For Governmental Funds, that portion of unpaid compensated absences expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable" on the balance sheet. In the Government-wide statement of net assets, the "Compensated Absences Payable" is recorded in the "Due within one year" liability account with the long-term portion of accumulated absences recorded in the "Due in more than one year" liability account.

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Long-Term Obligations

For long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of Governmental Funds. In the Government-wide statement of net assets, the current portion of general obligation bonds is recorded in the "Due within one year" liability account with the long-term portion of these general obligation bonds recorded in the "Due in more than one year" liability account.

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 the use of the resources in the governmental funds. The classifications are as follows:

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

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

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). The committed amounts cannot be used for any other purpose unless the District 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 fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor 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 policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for public school support, district managed activities and auxiliary services.

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

O. Interfund Transactions

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

1. Routine transfers of resources from one fund to another through which resources are to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another are treated as an expenditure/expense in the reimbursing fund and a reduction of expenditure/expense in the reimbursed fund.
3. Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds.

Interfund operating transfers are eliminated on the Government-wide statements.

P. Estimates

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

Q. Unamortized Issuance Costs/Bond Premium

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight line method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets. Bond premiums are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE (Continued)

A. Change in Accounting Principles (Continued)

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

B. Restatement of Net Assets/Fund Balances

Fund reclassifications were required in order to report funds in accordance with GASB Statement No. 54. These reclassifications had the following effect on fund balances at June 30, 2010:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Fund Balance at June 30, 2010	\$ 7,858,263	\$ 6,724,549	\$14,582,812
Fund Reclassifications:			
Public School Support	30,728	(30,728)	-
Severance Benefits	<u>930,372</u>	<u>(930,372)</u>	-
Total Fund Reclassifications	<u>961,100</u>	<u>(961,100)</u>	-
Restated Fund Balance at June 30, 2010	<u>\$ 8,819,363</u>	<u>\$ 5,763,449</u>	<u>\$ 14,582,812</u>

NOTE 4 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets

The Governmental Funds balance sheet includes a reconciliation between fund balance – total Governmental Funds and Net Assets of Governmental Funds as reported in the government-wide statement of net assets. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Long-term liabilities not reported in the funds:

Accrued Bond Interest	\$	(102,755)	
Bonds Payable		(25,845,000)	
Less: deferred bond charges (to be amortized over life of debt)		246,952	
Plus: issuance premium (to be amortized as interest expense)		(1,246,810)	
Compensated absences		<u>(2,848,393)</u>	
		<u>\$ (29,796,006)</u>	

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 4 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The Governmental Fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total Governmental Funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Amounts by which asset disposals exceeded capital outlay and depreciation in the current period:

Capital outlay	\$ 855,885
Depreciation expense	(1,726,495)
Asset disposals, net	<u>(612,749)</u>
Total	<u>\$ (1,483,359)</u>

The details of expenses that do not require the use of current financial resources:

Compensated absences	\$ 137,367
Accrued interest	3,444
Amortization of bond issuance costs	(10,508)
Amortization of bond premium	<u>53,056</u>
Total	<u>\$ 183,359</u>

NOTE 5 – EQUITY IN POOLED CASH AND INVESTMENTS

State statutes require the classification of monies held by the District into three categories:

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must by law 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 the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must 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 deposits are deposits of interim monies. 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 monies must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

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

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 5 - EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Interim monies are permitted to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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. Historically, the District has not purchased these types of investments or issued these types of notes. 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.

Cash on Hand At year-end the District had \$634 in undeposited cash on hand which is included on the balance sheet of the District as part of "cash and cash equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 40, "Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)".

Cash in Segregated Accounts: The District had \$3,000 in athletic checking accounts which is also included in the total "Deposits".

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 5 - EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits: At June 30, 2011, the carrying amount of the District's deposits was \$6,903,587 and the bank balance was \$7,588,624. Of the entire bank balance, \$801,457 was covered by federal depository insurance while \$6,787,167 was exposed to custodial credit risk as described in GASB Statement No. 40 further discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. State statutes require deposits to be collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

Investments:

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

	<u>Maturities</u>	<u>Fair Value</u>
Certificates of Deposit	various	\$ 6,537,546
FHLB Discount Notes	1/29/15	250,291
STAR Ohio	n/a	303,579
Total Investments		\$ 7,091,416

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and in accordance with the Ohio Revised Code, the District's investment policy limits investment maturities to five years or less. Commercial paper must mature within 180 days.

Credit Risk: The District's investment policy limits investments to securities specifically authorized by the Ohio Revised Code. As of June 30, 2011, the District's investments consisted of STAR Ohio and Federal Home Loan Bank (FHLB) discount notes. The District's investment in STAR Ohio (the State investment pool) was rated AAAM by Standard & Poor's. STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard service. The District's investment in FHLB discount notes was rated AAA by Standard & Poor's and Aaa by Moody's.

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 investment or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk; however, the District minimizes custodial credit risk by utilizing multiple safekeeping agents for its book-entry securities.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer, although Ohio law sets limits on investments in commercial paper. Of the investments held at June 30, 2011, 4.3% were in the State investment pool, 3.5% were in FHLB discount notes, and 92.2% were in certificates of deposit issued through the Certificate of Deposit Account Registry Services (CDARS) which are 100% fully insured through FDIC.

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 5 - EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Reconciliation of Cash and Investments to the Statement of Net Assets: The following is a reconciliation between cash and investments as reported in the preceding paragraphs to that reported on in the statements of net assets:

Cash and Investments per footnote:	
Cash on hand	\$ 634
Carrying amount of deposits	6,903,587
Investments	<u>7,091,416</u>
Total	<u>\$13,995,637</u>
Cash and Investments per Statements of Net Assets:	
Government Wide	\$13,908,850
Fiduciary Funds	<u>86,787</u>
	<u>\$13,995,637</u>

NOTE 6 – TAXES

A. Property Tax

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

Real property taxes and public utility taxes are levied after November 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value except for the personal property of rural electric companies which is assessed at 50% of market and railroads which are assessed at 29%.

In 2005, the General Assembly of the State of Ohio passed the State Biennial Budget Bill (HB 66) that phased-out Tangible Personal Property Tax over a four-year period beginning January 1, 2006 thus reducing the assessed rate each calendar year by 25% such that the tax is fully phased out in 2009. Based upon 2004 personal property values, “hold harmless” payments were to be made by the State to replace this revenue source for school districts through fiscal year 2010 at which time these payments would also be phased out. The State Biennial Budget Bill (HB 1) passed in 2009 extended the full reimbursement through fiscal year 2013, however, the State Biennial Budget Bill (HB 153) passed in 2011 accelerated this phase-out. The reimbursement phase-out of 2% of total District revenues for each year of the budget will now begin in August, 2011. The District received “hold harmless” payments in fiscal year 2011 in the amount of \$2,803,890.

The total assessed value upon which the 2011 taxes were collected was \$620,690,500. Agricultural/Residential, public utility and mineral real estate represented 65.8% or \$408,162,180 of this total; Commercial & Industrial real estate represented 33.3% or \$207,049,020; and public utility tangible 0.9% or \$5,479,300. Tax exempt property in the District totaled \$280,970,655. The voted general tax rate for operations at the fiscal year ended June 30, 2011, was \$50.20 per \$1,000.00 of assessed valuation; the voted rate for debt service was \$2.30 per \$1,000.00 of assessed valuation; and the voted rate for permanent improvements was \$1.20 per \$1,000.00 of assessed valuation.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20.

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 6 – TAXES (Continued)

The Wood County Treasurer collects property tax on behalf of the District. The Wood County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable, in accordance with GASB 33, as of June 30, 2011. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

B. School District Income Tax

The District levies an income tax of 0.5% on the gross salaries, wages and other personal service compensation earned by residents of the School District. All the revenue received from income tax is recorded directly into the General Fund.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2011, consisted of taxes, accounts (charges for services and fees), accrued interest, and intergovernmental receivables. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of the specific State programs.

NOTE 8 - CAPITAL ASSETS

The following is a summary by category of changes in governmental activities capital assets at June 30, 2011:

<i>Historical Cost:</i>				
<u>Asset Category</u>	Balance at <u>7/1/10</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>6/30/11</u>
<i>Nondepreciable:</i>				
Land	\$ 414,624	\$ -	\$ 41,025	\$ 373,599
<i>Depreciable:</i>				
Buildings & Improvements	42,157,748	580,376	2,141,445	40,596,679
Furniture/Equipment	4,023,424	211,784	18,895	4,216,313
Vehicles	1,919,428	63,725	29,525	1,953,628
Total Depreciable Assets	<u>48,100,600</u>	<u>855,885</u>	<u>2,189,865</u>	<u>46,766,620</u>
Total General Capital Assets	<u>\$ 48,515,224</u>	<u>\$ 855,885</u>	<u>\$ 2,230,890</u>	<u>\$ 47,140,219</u>
<i>Accumulated Depreciation:</i>				
<u>Asset Category</u>	Balance at <u>7/1/10</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>6/30/11</u>
Buildings & Improvements	11,773,639	1,347,582	1,582,929	11,538,292
Furniture/Equipment	1,868,295	276,758	10,707	2,134,346
Vehicles	1,222,280	102,155	24,505	1,299,930
Total General Capital Assets	<u>14,864,214</u>	<u>1,726,495</u>	<u>* 1,618,141</u>	<u>14,972,568</u>
<i>Net Capital Assets:</i>	<u>\$ 33,651,010</u>	<u>\$ (870,610)</u>	<u>\$ 612,749</u>	<u>\$ 32,167,651</u>

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 8 - CAPITAL ASSETS (Continued)

* Depreciation expenses were charged to governmental functions as follow:

Instruction	\$ 1,306,163
Support Services	366,648
Noninstructional Activities	13,788
Extracurricular Activities	<u>39,896</u>
Total Depreciation Expense	<u>\$ 1,726,495</u>

A summary of the proprietary capital assets at June 30, 2011, follows:

<i>Depreciable:</i>	Balance at <u>7/1/10</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>6/30/11</u>
Furniture/Equipment	\$ 295,557	\$ 17,766	\$ -	\$ 313,323
Accumulated Depreciation:	<u>(235,834)</u>	<u>(10,195)</u>	<u>-</u>	<u>(246,029)</u>
Net Capital Assets:	<u>\$ 59,723</u>	<u>\$ 7,571</u>	<u>\$ -</u>	<u>\$ 67,294</u>

NOTE 9 - LONG-TERM OBLIGATIONS

All current bonds outstanding, issued to provide funds for the acquisition and construction of equipment and facilities, are general obligations of the District for which the full faith and credit of the District is pledged for repayment.

A. The following is a description of the Bowling Green City School District bonds outstanding as of June 30, 2011:

	Interest <u>Rate</u>	Issue <u>Date</u>	Maturity <u>Date</u>	Bonds Outstanding At <u>7/1/10</u>	New Issues During <u>2011</u>	Retired In <u>2011</u>	Bonds Outstanding At <u>6/30/11</u>	Due Within <u>1 Year</u>
1995 Refunding								
Building	4.5-	6/8/1995	12/1/2011	\$ 595,000	\$-0-	\$295,000	\$ 300,000	\$300,000
Improvements	5.7%							
2007								
School Facilities	3.5-	3/22/2007	12/1/2034	\$26,165,000	\$-0-	\$620,000	\$25,545,000	\$40,000
Construction and	5.0%							
Improvement								

B. The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds:

Year Ending <u>June 30</u>	Principal on <u>General Obligation</u>	Interest on <u>General Obligation</u>	<u>Total</u>
2012	340,000	1,223,812	1,563,812
2013	365,000	1,208,175	1,573,175
2014	405,000	1,194,700	1,599,700
2015	450,000	1,179,175	1,629,175
2016	495,000	1,161,456	1,656,456
2017-2021	3,265,000	5,433,275	8,698,275
2022-2026	5,050,000	4,417,875	9,467,875
2027-2031	7,420,000	2,895,387	10,315,387
2032-2035	<u>8,055,000</u>	<u>840,125</u>	<u>8,895,125</u>
Total	<u>\$25,845,000</u>	<u>\$ 19,553,980</u>	<u>\$45,398,980</u>

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

C. During the year ended June 30, 2011 the following changes occurred in Governmental Activities long-term liabilities:

<i>Governmental Activities:</i>	Balance at <u>7/1/10</u>	<u>Increase</u>	<u>Decrease</u>	Balance at <u>6/30/11</u>	Due Within <u>1 Year</u>
Compensated Absences:					
Sick leave (severance)	\$ 2,780,938	\$747,123	\$869,339	\$ 2,658,722	\$ 81,885
Vacation	264,679	196,777	189,900	271,556	271,556
General Obligation Bonds	26,760,000	-	915,000	25,845,000	340,000
Unamortized Bond Premium	<u>1,299,866</u>	<u>-</u>	<u>53,056</u>	<u>1,246,810</u>	<u>53,056</u>
Total	<u>\$31,105,483</u>	<u>\$943,900</u>	<u>\$2,027,295</u>	<u>\$30,022,088</u>	<u>\$746,497</u>
 <i>Business-type Activities:</i>					
Compensated Absences:					
Sick leave (severance)	<u>\$ 55,888</u>	<u>\$9,717</u>	<u>\$8,539</u>	<u>\$57,066</u>	<u>\$ -</u>

The District has established a Severance Benefits Fund, as permitted by H.B. 426, to liquidate accumulated sick leave upon retirement of employees while sick leave and vacation benefits enjoyed by active employees are paid by the fund from which the employee is normally paid, in most cases the General Fund.

As of fiscal year end, \$244,309 of the bond proceeds was unspent.

NOTE 10 - INTERFUND TRANSACTIONS

Interfund transfers for the fiscal year ended June 30, 2011, consisted of \$400,000 from the General Fund to the Severance Benefits Fund. This transfer has been eliminated on the financial statements due to the GASB 54 reclassification of the Severance Benefits Fund as part of the General Fund. The transfer was accounted for in accordance with budgetary authorizations and with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 11 - FUND BALANCE DEFICITS

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

<u>NonMajor Funds</u>	<u>GAAP Basis</u>
IDEA – Special Education, Part B	\$(67,197)
Title I – Targeted Assistance Grant Fund	(28,747)
Title II-A Grant Fund	(670)

These funds complied with Ohio requirements, which do not permit cash basis deficits at year-end unless cash request has been submitted to the Ohio Department of Education prior to year-end. The GAAP-basis deficits will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30.

NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains comprehensive commercial insurance coverage for real property, building contents, general liability, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents have a liability limit of

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 12 - RISK MANAGEMENT (Continued)

\$100,251,271 with 100% co-insurance. The District's fleet insurance policy has a liability limit of \$1,000,000 each occurrence. The District has liability insurance coverage limits of \$4,000,000 each occurrence and \$6,000,000 annual aggregate.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from last year (except real property and contents which decreased 14.9% due to the closing and sale of a building).

Wood County Schools Health Insurance Consortium

The Wood County Schools Health Insurance Consortium (the Consortium) is a public entity shared risk pool consisting of six local school districts, two city or exempted village school districts, one vocational school district, and an educational service center. The Consortium is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and other benefits to the employees of the participating entities. Each participating entity's superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington Bank, concerning aspects of the Consortium.

Each entity decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Consortium is by written application subject to acceptance by the Administrative Committee and payment of monthly premiums. Financial information may be obtained from Sharon Gillespie, Medical Mutual of Ohio, 3737 Sylvania Avenue, Toledo, Ohio 43623.

NBEC Worker's Compensation Group Rating

The District participates in the Northern Buckeye Educational Council's Worker's Compensation Group Rating Plan, an insurance purchasing pool. This Group Rating Plan allows school districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire as individual employers. Each year the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853. The report is also posted on the SERS Ohio website www.ohsers.org under *Forms and Publications*.

Plan members are required to contribute 10 percent of their annual covered salary and Bowling Green City School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and .04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS (Continued)

members and employers are established and may be amended, up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers by the SERS' Retirement Board. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's contributions to SERS for pension obligations and death benefits for the years ended June 30, 2011, 2010, and 2009 were \$439,894, \$468,693, and \$309,885, respectively. As of June 30, 2011, 34.93 percent has been contributed for fiscal year 2011 and one hundred percent for fiscal years 2010 and 2009. The unpaid contribution for fiscal year 2011 of \$339,344 is recorded as a liability within the respective funds.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death, and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio website at www.STRSoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2011, 13 percent funded pensions while 1 percent of covered payroll contributions was allocated to the Health Care Stabilization Fund.

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS (Continued)

The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2011, 2010, and 2009, were \$2,053,444, \$2,037,364, and \$2,078,791, respectively. As of June 30, 2011, 82.53 percent has been contributed for fiscal year 2011 and one hundred percent for fiscal years 2010 and 2009. The unpaid contributions of \$386,428 for fiscal year 2011 are recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

For STRS, most benefit recipients are required to pay a portion of health care costs in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal years ended June 30, 2011, 2010 and 2009, the board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Stabilization Fund from which payments for health care benefits were paid. For the District, this amount equaled \$157,957, \$156,720, and \$159,907 during the 2011, 2010, and 2009 fiscal years, respectively. As of June 30, 2011, 82.53 percent has been contributed for fiscal year 2011 and one hundred percent for fiscal years 2010 and 2009. As of June 30, 2010 (the latest information available), eligible benefit recipients totaled 133,103.

SERS administers two postemployment benefit plans. The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69, Ohio Revised Code (ORC). Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 for most participants; SERS' reimbursement to retirees was \$45.50. The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation was .76 percent. Bowling Green City School District's contributions for the years ended June 30, 2011, 2010, and 2009 were \$28,308, \$27,872, and \$25,568, respectively; 34.93 percent has been contributed for fiscal year 2011 and one hundred percent for fiscal years 2010 and 2009.

The Health Care Plan is the result of Sections 3309.375 and 3306.69, ORC, that permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 14 - POSTEMPLOYMENT BENEFITS (Continued)

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans. The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 1051(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2011, the health care allocation was 1.43 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. Bowling Green City School District contributions assigned to health care for the years ended June 30, 2011, 2010, and 2009 were \$83,565, \$47,252, and \$43,653, respectively; 34.93 percent has been contributed for fiscal year 2011 and one hundred percent for fiscal years 2010 and 2009.

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

The financial reports of SERS' Health Care and Medicare Part B plans are included in its Comprehensive Annual Financial Report. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Forms and Publications*.

NOTE 15 - OTHER EMPLOYEE BENEFITS - DEFERRED COMPENSATION PLANS

The District employees may participate in the Ohio Public Employees Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The plan Agreement states that the District and the Ohio Public Employees Deferred Compensation Board have no liability for losses under the plan with the exception of fraud or wrongful taking.

NOTE 16 - SET-ASIDES

The Ohio Legislature passed H.B. 412 in 1998 which required school districts to "set aside" money from the General Fund for three purposes: textbooks and materials, capital acquisition, and budget stabilization. Subsequently, Am. Sub. Senate Bill 345, effective April 10, 2001, eliminated the requirement for the budget reserve set-aside. The District's requirements for fiscal year 2011 and the balances at year-end are presented below:

	Textbooks & Materials	Capital Acquisition
Set-aside Balance as of July 1, 2010	(\$4,446,481)	\$ -0-
Current Year Set-aside Requirement	458,316	458,316
Current Year Offsets	-0-	(557,061)
Qualifying Disbursements	(613,193)	-0-
Total	<u>(\$4,601,358)</u>	<u>(\$98,745)</u>

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 16 - SET-ASIDES (Continued)

Beginning with fiscal year ended June 30, 2000, expenditures in excess of current year or accumulated set-aside requirements in the Textbooks and Materials Set-aside were permitted to be carried forward to offset future years' textbooks and materials set-aside requirements. Although the District had off-sets and qualifying disbursements during the year that reduced the set-aside amounts below zero for Capital Acquisition purposes, these extra amounts were not permitted to be used to reduce the set-aside requirements of future years. No amounts are presented as being carried forward to the next fiscal year as the textbooks and materials set-aside requirements were repealed by the 129th General Assembly effective July 1, 2011 with the passage of HB 30.

NOTE 17 - FUND BALANCES

As of June 30, 2011, fund balances are composed of the following:

	General	Other Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>			
Inventory	\$ 81,592		\$ 81,592
Prepaid items	98,571		98,571
Memorials Principal		59,272	59,272
<i>Restricted:</i>			
State Grants		3,205	3,205
Extracurricular activities		74,324	74,324
Buildings and Improvements		3,942,971	3,942,971
Debt Service		1,310,390	1,310,390
Instructional Enhancements		23,163	23,163
<i>Committed:</i>			
Bus Purchase	93,639		93,639
Severance Benefits	882,124		882,124
Student Instruction		23,931	23,931
<i>Assigned:</i>			
Future Appropriations	2,768,958		2,768,958
Public School Support	24,493		24,493
Student Instruction	148,589		148,589
Student and Staff Support	146,492	2,175	148,667
Unassigned	5,032,888	(96,614)	4,936,274
Total Funds Cash Balance	<u>\$ 9,277,346</u>	<u>\$ 5,342,817</u>	<u>\$ 14,620,163</u>

BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY

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

NOTE 17 - FUND BALANCES (Continued)

Restricted fund balances are constrained by externally imposed requirements by grantors, laws and regulations. Committed fund balances have been established by the Board of Education through resolution or contractual obligations. Board action would be necessary to reverse the purposes for which such funds have been committed. Assigned fund balances are intended to be used for the specified purposes as determined either by the fiscal officer as directed by Section 5705.41(D), Ohio Revised Code or other authoritative guidelines. The District considers all fund balances to be spent when an expenditure is incurred for purposes for which the balance is available or could be used.

NOTE 18 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2011.

B. Litigation

As of the balance sheet date, the District was not involved in any litigation as either defendant or plaintiff.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Bowling Green City School District, Wood County
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget to Actual (Budgetary Basis) - General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Revised Budget	Actual	Variance with Final Budget
Revenues:				
From local sources:				
Taxes	\$ 17,186,996	\$ 17,653,750	\$ 17,750,267	\$ 96,517
Intergovernmental	10,552,796	10,552,796	10,598,538	45,742
Interest	152,000	152,000	97,874	(54,126)
Tuition and fees	464,000	464,000	578,532	114,532
Charges for services	10,000	10,000	8,243	(1,757)
Miscellaneous	119,000	119,000	26,178	(92,822)
Total revenues	28,484,792	28,951,546	29,059,632	108,086
Expenditures:				
Current:				
Instruction	19,386,910	19,407,135	18,167,340	1,239,795
Support services	11,313,782	11,325,582	10,696,660	628,922
Non-instructional services	3,000	3,000	1,936	1,064
Extracurricular activities	669,028	669,028	585,782	83,246
Total expenditures	31,372,720	31,404,745	29,451,718	1,953,027
Excess (deficiency) of revenues over (under) expenditures	(2,887,928)	(2,453,199)	(392,086)	2,061,113
Other financing sources (uses):				
Operating transfers (out)	(400,000)	(400,000)	(400,000)	-
Proceeds from sale of capital assets	-	-	25	25
Refund of prior years expenditures	-	-	20,903	20,903
Refund of prior year receipts	(1,000)	(1,000)	(381)	619
Total other financing sources (uses)	(401,000)	(401,000)	(379,453)	21,547
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(3,288,928)	(2,854,199)	(771,539)	2,082,660
Fund balance, July 1	7,510,759	7,510,759	7,510,759	-
Prior year encumbrances appropriated	372,828	372,828	372,828	-
Fund balance, June 30	\$ 4,594,659	\$ 5,029,388	\$ 7,112,048	\$ 2,082,660

Note:

While reporting financial position and changes in financial position/fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the General Fund are as follows:

<u>Net Change in Fund Balances</u>	<u>General Fund</u>
Budget Basis	\$ (771,539)
Net adjustment for revenue accruals	966,634
Net adjustment for expenditure accruals	(99,523)
Adjustment for encumbrances	411,405
Reclassification of funds per GASB 54 (Note 3.B.)	(48,994)
GAAP Basis	<u>\$ 457,983</u>

SUPPLEMENTARY DATA

**BOWLING GREEN CITY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Child Nutrition Cluster:				
(D) (E) School Breakfast Program	10.553	2011	\$ 85,170	\$ 85,170
Total School Breakfast Program			<u>85,170</u>	<u>85,170</u>
(D) (E) National School Lunch Program	10.555	2011	382,431	382,431
(C) (D) National School Lunch Program - Food Donation	10.555	2011	146,282	146,282
Total National School Lunch Program			<u>528,713</u>	<u>528,713</u>
Total U.S. Department of Agriculture and Child Nutrition Cluster			<u>613,883</u>	<u>613,883</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Title I Grant Cluster:				
(F) Title I Grants to Local Educational Agencies	84.010	2010	72,880	66,599
(F) Title I Grants to Local Educational Agencies	84.010	2011	446,643	414,782
Total Title I Grants to Local Educational Agencies			<u>519,523</u>	<u>481,381</u>
(F) ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2011	5,452	5,452
Total Title I Grant Cluster			<u>524,975</u>	<u>486,833</u>
ARRA - Education for Homeless Children and Youth, Recovery Act	84.387	2011	202	202
Special Education Grant Cluster:				
(G) (H) Special Education_Grants to States	84.027	2010	39,126	49,609
(G) (H) Special Education_Grants to States	84.027	2011	641,794	626,954
Total Special Education_Grants to States			<u>680,920</u>	<u>676,563</u>
(G) (H) ARRA - Special Education Grants to States, Recovery Act	84.391	2010	(1,288)	449
(G) (H) ARRA - Special Education Grants to States, Recovery Act	84.391	2011	419,212	418,311
Total ARRA - Special Education Grants to States			<u>417,924</u>	<u>418,760</u>
(G) Special Education-Preschool Grants	84.173	2011	19,351	19,351
(G) ARRA - Special Education-Preschool Grants, Recovery Act	84.392	2011	23	23
Total Special Education Grant Cluster			<u>1,118,218</u>	<u>1,114,697</u>
Educational Technology State Grants	84.318	2011	142	-
English Language Acquisition Grants	84.365	2011	1,072	1,061
Improving Teacher Quality State Grants	84.367	2010	68,636	68,488
Improving Teacher Quality State Grants	84.367	2011	70,436	71,011
Total Improving Teach Quality State Grants			<u>139,072</u>	<u>139,499</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	2010	-	25,170
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	2011	539,418	539,418
Total ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act			<u>539,418</u>	<u>564,588</u>
Education Jobs Fund	84.410	2011	27,206	27,340
Total U.S. Department of Education			<u>2,350,305</u>	<u>2,334,220</u>
Total Federal Financial Assistance			<u>\$ 2,964,188</u>	<u>\$ 2,948,103</u>

NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS

- (A) OAKS did not assign pass-through numbers for fiscal year 2011.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the fair value.
- (D) Included as part of "Child Nutrition Cluster" in determining major programs.
- (E) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (F) Included as part of "Title I Grant Cluster" in determining major programs.
- (G) Included as part of "Special Education Grant Cluster" in determining major programs.
- (H) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education ("ODE")'s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2011, the ODE authorized the following transfers:

Program Title	CFDA Grant	Year	Transfers Out	Transfers In
Special Education_Grants to States	84.027	2010	\$ 8,874	
Special Education_Grants to States	84.027	2011		\$ 8,874
ARRA - Special Education Grants to States, Recovery Act	84.391	2010	1,288	
ARRA - Special Education Grants to States, Recovery Act	84.391	2011		1,288
Totals			<u>\$ 10,162</u>	<u>\$ 10,162</u>



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Required by *Government Accounting Standards***

Bowling Green City School District
137 Clough Street
Bowling Green, Ohio 43402

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, its major fund, and the aggregate remaining fund information of the Bowling Green City School District, Wood County, Ohio, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Bowling Green City School District's basic financial statements and have issued our report thereon dated December 14, 2011. We noted that the Bowling Green City School District adopted Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bowling Green City School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Bowling Green City School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Bowling Green City School District's internal control over financial reporting.

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

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

Board of Education
Bowling Green City School District

Compliance and Other Matters

As part of reasonably assuring whether the Bowling Green City School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 14, 2011



Julian & Grube, Inc.
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Accountant's Report on Compliance With Requirements Applicable to Each
Major Federal Program and on Internal Control Over Compliance
Required by OMB Circular A-133**

Bowling Green City School District
137 Clough Street
Bowling Green, Ohio 43402

To the Board of Education:

Compliance

We have audited the compliance of the Bowling Green City School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Bowling Green City School District's major federal programs for the fiscal year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the Bowling Green City School District's major federal programs. The Bowling Green City School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Bowling Green City School District's compliance based on our audit.

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

In our opinion, the Bowling Green City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

The Bowling Green City School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Bowling Green City School District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Bowling Green City School District's internal control over compliance.

Board of Education
Bowling Green City School District

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

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

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 14, 2011

**BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY, OHIO**

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

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Child Nutrition Cluster: School Breakfast Program, CFDA #10.553 and National School Lunch Program, CFDA #10.555; Special Education Grant Cluster: Special Education - Grants to States, CFDA #84.027, ARRA - Special Education Grants to States, Recovery Act, CFDA #84.391, Special Education - Preschool Grants, CFDA #84.173 and ARRA - Special Education-Preschool Grants, Recovery Act, CFDA #84.392; ARRA - State Fiscal Stabilization Fund (SFSS) - Education State Grants, Recovery Act, CFDA #84.394
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

**BOWLING GREEN CITY SCHOOL DISTRICT
WOOD COUNTY, OHIO**

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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Independent Accountants' Report on Applying Agreed-Upon Procedures

Bowling Green City School District
Wood County
137 Clough Street
Bowling Green, Ohio 43402

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

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

1. We noted the Board amended its anti-harassment policy at its meeting on May 18, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

Julian & Grube, Inc.
December 14, 2011

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Dave Yost • Auditor of State

BOWLING GREEN CITY SCHOOL DISTRICT

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 2, 2012**