

STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY
FINANCIAL STATEMENTS
Year Ended June 30, 2003



**Auditor of State
Betty Montgomery**

Board of Education
Stryker Local School District
400 South Defiance Street
Stryker, Ohio 43557-9491

We have reviewed the Independent Auditor's Report of the Stryker Local School District, Williams County, prepared by Steyer & Co., for the audit period July 1, 2002 through June 30, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

March 2, 2005

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Stryker Local School District
Stryker, Ohio

We have audited the accompanying general purpose financial statements of the Stryker Local School District as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2003, and the results of its operations and the cash flows of its enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2004 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



STEYER & CO.
Certified Public Accountants

Defiance, Ohio
September 21, 2004

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 2003**

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPES	ACCOUNT GROUPS		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-term Obligations	
ASSETS AND OTHER DEBITS									
Equity in pooled cash and cash equivalents	\$1,237,403	\$39,722	\$ -	\$ -	\$ 31,429	\$ 15,334	\$ -	\$ -	\$ 1,323,888
Receivables									
Taxes	1,221,375	-	-	41,461	-	-	-	-	1,262,836
Accounts receivable	7,128	-	-	-	-	-	-	-	7,128
Intergovernmental	-	-	-	-	-	-	-	-	-
Interest	4,431	-	-	-	-	-	-	-	4,431
Due from other governments	245,659	-	-	-	-	-	-	-	245,659
Due from other funds	28,023	-	100,935	-	-	-	-	-	128,958
Materials and supplies inventory	-	-	-	-	2,956	-	-	-	2,956
Prepaid items	22,351	-	-	-	-	-	-	-	22,351
Restricted assets									
Equity in pooled cash and cash equivalents	7,449	-	-	-	-	-	-	-	7,449
Fixed assets (net, where applicable, of accumulated depreciation)	-	-	-	-	33,308	-	6,012,593	-	6,045,901
Amount available in debt service fund for retirement of general long-term obligations	-	-	-	-	-	-	-	100,935	100,935
Amount to be provided from general government resources	-	-	-	-	-	-	-	444,022	444,022
Total Assets and Other Debits	<u>\$2,773,819</u>	<u>\$39,722</u>	<u>\$100,935</u>	<u>\$ 41,461</u>	<u>\$ 67,693</u>	<u>\$ 15,334</u>	<u>\$6,012,593</u>	<u>\$ 544,957</u>	<u>\$ 9,596,514</u>

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPES	ACCOUNT GROUPS		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-term Obligations	
LIABILITIES									
Accounts payable	\$ 7,165	\$ 255	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,420
Accrued salaries and benefits	323,773	7,217	-	-	8,750	-	-	-	339,740
Due to other governments	52,672	38	-	-	4,866	-	-	25,123	82,699
Due to other funds	-	329	-	100,935	27,694	-	-	-	128,958
Deferred revenue	1,196,805	-	-	39,390	-	-	-	-	1,236,195
Compensated absences payable	11,302	-	-	-	6,430	-	-	331,453	349,185
Due to students	-	-	-	-	-	14,135	-	-	14,135
Notes payable	-	-	-	-	-	-	-	188,381	188,381
Total Liabilities	1,591,717	7,839	-	140,325	47,740	14,135	-	544,957	2,346,713
FUND EQUITY AND OTHER CREDITS									
Investment in general fixed assets	-	-	-	-	-	-	6,012,593	-	6,012,593
Retained earnings	-	-	-	-	19,953	-	-	-	19,953
Fund balances:									
Reserved for encumbrances	122,252	2,535	-	-	-	-	-	-	124,787
Reserved for prepaid items	22,351	-	-	-	-	-	-	-	22,351
Reserved for property taxes	72,497	-	-	2,071	-	-	-	-	74,568
Reserved for capital acquisitions	7,449	-	-	-	-	-	-	-	7,449
Reserved for budget stabilization	143,759	-	-	-	-	-	-	-	143,759
Unreserved: Undesignated	813,794	29,348	100,935	(100,935)	-	1,199	-	-	844,341
Total Fund Equity and Other Credits	1,182,102	31,883	100,935	(98,864)	19,953	1,199	6,012,593	-	7,249,801
Total Liabilities and Fund Equity	<u>\$2,773,819</u>	<u>\$39,722</u>	<u>\$100,935</u>	<u>\$ 41,461</u>	<u>\$ 67,693</u>	<u>\$ 15,334</u>	<u>\$6,012,593</u>	<u>\$ 544,957</u>	<u>\$ 9,596,514</u>

The accompanying notes are an integral part of these financial statements.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>GOVERNMENTAL FUND TYPES</u>				<u>FIDUCIARY FUND TYPE</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
REVENUES						
Taxes	\$ 1,862,720	\$ -	\$ -	\$ 46,492	\$ -	\$ 1,909,212
Intergovernmental	2,076,321	190,130	-	2,841	-	2,269,292
Tuition and fees	79,472	-	-	-	-	79,472
Earnings on investments	23,143	-	-	-	-	23,143
Extracurricular activities		84,116	-	-	-	84,116
Miscellaneous	<u>30,400</u>	<u>4,781</u>	<u>-</u>	<u>-</u>	<u>1,100</u>	<u>36,281</u>
Total revenues	4,072,056	279,027	-	49,333	1,100	4,401,516
EXPENDITURES						
Instruction:						
Regular	2,049,018	24,005	-	-	-	2,073,023
Special	205,456	48,267	-	-	-	253,723
Adult/Continuing	-	-	-	-	-	-
Other	144	-	-	-	100	244
Support services:						
Pupils	164,259	68,102	-	-	-	232,361
Instructional staff	213,028	48,951	-	2,798	-	264,777
Board of education	9,470	-	-	-	-	9,470
Administration	383,353	1,653	-	-	-	385,006
Fiscal services	216,394	4,431	-	1,099	-	221,924

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Business services	4,801	-	-	-	-	4,801
Operation and maintenance of plant	332,659	-	-	63,930	-	396,589
Pupil transportation	130,213	-	-	-	-	130,213
Central services	171,834	5,211	-	-	-	177,045
Extracurricular activities	89,221	85,210	-	-	-	174,431
Capital outlay	87,641	-	-	-	-	87,641
Debt service						
Principal retirement	170,803	-	-	-	-	170,803
Interest and fiscal charges	10,669	-	-	-	-	10,669
Total expenditures	<u>4,238,963</u>	<u>285,830</u>	<u>-</u>	<u>67,827</u>	<u>100</u>	<u>4,592,720</u>
Excess (deficiency) of revenues over (under) expenditures	(166,907)	(6,803)	-	(18,494)	1,000	(191,204)
OTHER FINANCING SOURCES (USES)						
Operating transfers - in	-	4,000	-	-	-	4,000
Operating transfers - out	(4,000)	-	-	-	-	(4,000)
Other miscellaneous sources (uses) of funds	<u>6,624</u>	<u>23</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,647</u>
Total other financing sources (uses)	<u>2,624</u>	<u>4,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,647</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(164,283)	(2,780)	-	(18,494)	1,000	(184,557)
FUND BALANCE, BEGINNING OF YEAR	<u>1,346,385</u>	<u>34,663</u>	<u>100,935</u>	<u>(80,370)</u>	<u>199</u>	<u>1,401,812</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,182,102</u>	<u>\$ 31,883</u>	<u>\$ 100,935</u>	<u>\$ (98,864)</u>	<u>\$ 1,199</u>	<u>\$ 1,217,255</u>

The accompanying notes are an integral part of these financial statements.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2003**

	General Fund			Special Revenue Funds			Debt Service Funds		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
REVENUES									
Taxes	\$2,114,176	\$1,936,763	\$ (177,413)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,072,615	2,076,763	4,148	184,916	184,916	-	-	-	-
Tuition and fees	80,123	81,771	1,648	-	-	-	-	-	-
Earnings on investments	32,500	30,756	(1,744)	-	-	-	-	-	-
Extracurricular activities	-	-	-	77,575	84,276	6,701	-	-	-
Miscellaneous	<u>27,825</u>	<u>29,908</u>	<u>2,083</u>	<u>8,650</u>	<u>4,781</u>	<u>(3,869)</u>	-	-	-
Total revenues	4,327,239	4,155,961	(171,278)	271,141	273,973	2,832	-	-	-
EXPENDITURES									
Instruction:									
Regular	2,090,824	2,034,223	56,601	30,347	27,440	2,907	-	-	-
Special	243,169	219,038	24,131	48,056	48,056	-	-	-	-
Adult/Continuing	-	-	-	-	-	-	-	-	-
Other	3,500	144	3,356	-	-	-	-	-	-
Support services:									
Pupils	174,632	164,570	10,062	59,646	62,845	(3,199)	-	-	-
Instructional staff	254,372	215,330	39,042	54,387	54,046	341	-	-	-
Board of education	19,030	9,508	9,522	-	-	-	-	-	-
Administration	409,453	378,812	30,641	1,653	1,653	-	-	-	-
Fiscal services	205,502	218,634	(13,132)	4,431	4,431	-	-	-	-
Business services	17,986	17,956	30	-	-	-	-	-	-
Operation and maintenance of plant	417,185	405,467	11,718	-	-	-	-	-	-

	General Fund			Special Revenue Funds			Debt Service Funds		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Pupil transportation	157,008	134,892	22,116	-	-	-	-	-	-
Central services	177,700	171,834	5,866	7,507	7,211	296	-	-	-
Extracurricular activities	98,304	89,305	8,999	97,391	87,850	9,541	-	-	-
Capital outlay	248,000	87,641	160,359	-	-	-	-	-	-
Debt service									
Principal retirement	11,802	170,803	(159,001)	-	-	-	-	-	-
Interest and fiscal charges	10,669	10,669	-	-	-	-	-	-	-
Total expenditures	<u>4,539,136</u>	<u>4,328,826</u>	<u>210,310</u>	<u>303,418</u>	<u>293,532</u>	<u>9,886</u>	-	-	-
Excess (deficiency) of revenue over (under) expenditures	(211,897)	(172,865)	39,032	(32,277)	(19,559)	12,718	-	-	-
OTHER FINANCING SOURCES (USES)									
Transfers - in	100,000	-	(100,000)	4,000	4,000	-	-	-	-
Transfers - out	(5,000)	(4,000)	1,000	-	-	-	-	-	-
Advances - in	35,000	-	(35,000)	2,000	-	(2,000)	-	-	-
Advances - out	(3,503)	-	3,503	-	-	-	-	-	-
Other financing sources	100	90	(10)	5,214	5,214	-	-	-	-
Refund of prior year expenditures	4,000	3,070	(930)	23	23	-	-	-	-
Refund of prior year receipts	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>125,597</u>	<u>(840)</u>	<u>(126,437)</u>	<u>11,237</u>	<u>9,237</u>	<u>(2,000)</u>	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(86,300)	(173,705)	(87,405)	(21,040)	(10,322)	10,718	-	-	-
Fund balance beginning of year	1,210,738	1,210,738	-	39,147	39,147	-	-	-	-
Prior year encumbrances appropriated	<u>78,594</u>	<u>78,594</u>	<u>-</u>	<u>8,105</u>	<u>8,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance end of year	<u>\$1,203,032</u>	<u>\$1,115,627</u>	<u>\$ (87,405)</u>	<u>\$26,212</u>	<u>\$36,930</u>	<u>\$ 10,718</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2003**

	Capital Projects Funds			Expendable Trust Funds			Totals (Memorandum only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
REVENUES									
Taxes	\$ 44,421	\$ 44,421	\$ -	\$ -	\$ -	\$ -	\$2,158,597	\$1,981,184	\$ (177,413)
Intergovernmental	4,977	4,977	-	-	-	-	2,262,508	2,266,656	4,148
Tuition and fees	-	-	-	-	-	-	80,123	81,771	1,648
Earnings on investments	-	-	-	-	-	-	32,500	30,756	(1,744)
Extracurricular activities	-	-	-	-	-	-	77,575	84,276	6,701
Miscellaneous	-	-	-	1,350	1,100	(250)	37,825	35,789	(2,036)
Total revenues	49,398	49,398	-	1,350	1,100	(250)	4,649,128	4,480,432	(168,696)
EXPENDITURES									
Instruction:									
Regular	-	-	-	-	-	-	2,121,171	2,061,663	59,508
Special	-	-	-	-	-	-	291,225	267,094	24,131
Adult/Continuing	-	-	-	1,350	100	1,250	1,350	100	1,250
Other	-	-	-	-	-	-	3,500	144	3,356
Support services:									
Pupils	-	-	-	-	-	-	234,278	227,415	6,863
Instructional staff	2,798	2,798	-	-	-	-	311,557	272,174	39,383
Board of education	-	-	-	-	-	-	19,030	9,508	9,522
Administration	-	-	-	-	-	-	411,106	380,465	30,641
Fiscal services	1,099	1,099	-	-	-	-	211,032	224,164	(13,132)
Business services	-	-	-	-	-	-	17,986	17,956	30
Operation and maintenance of plant	63,930	63,930	-	-	-	-	481,115	469,397	11,718

	Capital Projects Funds			Expendable Trust Funds			Totals (Memorandum only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Pupil transportation	-	-	-	-	-	-	157,008	134,892	22,116
Central services	-	-	-	-	-	-	185,207	179,045	6,162
Extracurricular activities	-	-	-	-	-	-	195,695	177,155	18,540
Capital outlay	-	-	-	-	-	-	248,000	87,641	160,359
Debt service									
Principal retirement	-	-	-	-	-	-	11,802	170,803	(159,001)
Interest and fiscal charges	-	-	-	-	-	-	10,669	10,669	-
Total expenditures	<u>67,827</u>	<u>67,827</u>	<u>-</u>	<u>1,350</u>	<u>100</u>	<u>1,250</u>	<u>4,911,731</u>	<u>4,690,285</u>	<u>221,446</u>
Excess (deficiency) of revenue over (under) expenditures	(18,429)	(18,429)	-	-	1,000	1,000	(262,603)	(209,853)	52,750
OTHER FINANCING SOURCES (USES)									
Transfers - in	-	-	-	-	-	-	104,000	4,000	(100,000)
Transfers - out	-	-	-	-	-	-	(5,000)	(4,000)	1,000
Advances - in	-	-	-	-	-	-	37,000	-	(37,000)
Advances - out	-	-	-	-	-	-	(3,503)	-	3,503
Other financing sources	-	-	-	-	-	-	5,314	5,304	(10)
Refund of prior year expenditures	-	-	-	-	-	-	4,023	3,093	(930)
Refund of prior year receipts	-	-	-	-	-	-	(5,000)	-	5,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,834</u>	<u>8,397</u>	<u>(128,437)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(18,429)	(18,429)	-	-	1,000	1,000	(125,769)	(201,456)	(75,687)
Fund balance beginning of year	18,429	18,429	-	199	199	-	1,268,513	1,268,513	-
Prior year encumbrances appropriated	-	-	-	-	-	-	86,699	86,699	-
Fund balance end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199</u>	<u>\$ 1,199</u>	<u>\$ 1,000</u>	<u>\$1,229,443</u>	<u>\$1,153,756</u>	<u>\$ (75,687)</u>

The accompanying notes are an integral part of these financial statements.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>PROPRIETARY FUND TYPE</u> Enterprise Funds
OPERATING REVENUES	
Charges for services	\$ 90,871
Classroom materials and fees	11,005
Other operating revenues	517
Total operating revenues	102,393
OPERATING EXPENSES	
Salaries and wages	49,531
Fringe benefits	14,261
Purchased services	888
Materials and supplies	86,186
Depreciation	1,072
Other operating expenses	909
Total operating expenses	152,847
OPERATING LOSS	(50,454)
NON-OPERATING REVENUE (EXPENSE)	
Intergovernmental	30,957
Donated commodities	25,976
Earnings on investments	109
Total non-operating revenue	57,042
NET INCOME	6,588
RETAINED EARNINGS, BEGINNING OF YEAR	13,365
RETAINED EARNINGS, END OF YEAR	\$ 19,953

The accompanying notes are an integral part of these financial statements.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY
COMBINED STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>PROPRIETARY FUND TYPE</u> Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	\$ (50,454)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	1,072
Loss on disposal of assets	233
Increase in assets:	
Materials and supplies	(423)
Increase (decrease) in liabilities:	
Accounts payable	(45)
Accrued wages and benefits	1,782
Due to other governments	(169)
Deferred revenues	(1,416)
Total adjustments	<u>1,034</u>
Net cash used in operating activities	(49,420)
 CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES	
Donated commodities	25,976
Intergovernmental	30,957
Other	109
Net cash provided by non-capital and related financing activities	<u>57,042</u>
 CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of fixed assets	<u>(11,110)</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	 (3,488)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>34,917</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 31,429</u>

The accompanying notes are an integral part of these financial statements.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY
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Note 1 - Description of the School District and Reporting Entity

Stryker Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Stryker Local School District is a local school district as defined by Section 3311.03 of Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The board oversees the operations of the District's four instructional/support facilities.

The Reporting Entity

The District has implemented the Government Accounting Standards Board (GASB) pronouncements concerning the definition of the reporting entity. Accordingly, the District's balance sheet includes all funds, account groups, agencies, boards, commissions, and component units over which the District officials exercise oversight responsibility.

Oversight responsibility includes such aspects as appointment of governing body members, budget review, approval of property tax levies, outstanding debt secured by District full faith and credit or revenues, and responsibility for funding deficits. On this basis, there were no organizations subject to the District's oversight responsibility which required incorporation into the financial statements.

The School District is associated with organizations which are defined as jointly governed organizations, a related organization and insurance purchasing pools. These organizations include the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Northern Buckeye Education Council's Employee Insurance Benefit Program and the Northern Buckeye Education Council Workers' Compensation Group Rating Plan. These organizations are presented in Notes 15 and 16 to the general-purpose financial statements.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

**STRYKER LOCAL SCHOOL DISTRICT
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Governmental Fund Types Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

General Fund The general fund is the operating fund of the School 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 School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds Special revenue funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund Types Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

Enterprise Funds Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent 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 where it has been 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.

Fiduciary Fund Types Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The School District's fiduciary funds include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. The School District's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term obligations related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds.

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B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The enterprise fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The Enterprise operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. The full accrual basis of accounting is followed by the enterprise fund.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after year end.

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

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

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2003 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met and receivables that are not collected within the available period are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expense. 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 the governmental funds.

C. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level of expenditure for the General Fund and all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the fund level in the General Fund and within all other funds are made by the School District Treasurer.

Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Tax Budget Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for rate determination.

Estimated Resources By 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 June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2003. Prior to year-end, the School District requested an amended certificate of estimated resources that reflected actual revenue for the fiscal year.

**STRYKER LOCAL SCHOOL DISTRICT
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Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, 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 at the level of control. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Encumbrances As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances plus expenditures may not legally exceed appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District Treasurer is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this pool account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet. The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the combined balance sheet as "cash and cash equivalents with fiscal agents" and represents deposits.

During fiscal year 2003, investments included STAR Ohio and certificates of deposit. Non-negotiable certificates of deposit are reported at cost. Investment earnings are allocated as authorized by State statute.

Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices. Non-participating investment contracts such as repurchase agreements are reported at cost. The School District invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2003. STAR Ohio is an investment pool managed by the State Treasurer's office which allows government 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, 2003.

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Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General fund and Cafeteria fund during fiscal year 2003 amounted to \$23,143 and \$109 respectively.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

E. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted by statute to be set-aside by the School District for the purchase of textbooks and instructional materials, acquisition and construction of capital improvements and budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

F. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expended when used.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the dates received. The School District maintains a capitalization threshold of \$500 except for the cost of textbooks. This is based primarily on the uniqueness of these items to a school operation and an existing five-year textbook adoption policy. Public domain ("infrastructure") general fixed assets consisting of curbs, gutters, sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government. The School District does not possess any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized. Improvements are capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment and vehicles in the proprietary fund types is computed using the straight-line method over an estimated useful life of ten years. Improvements to proprietary fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

**STRYKER LOCAL SCHOOL DISTRICT
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H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and became measurable.

The School District currently participates in several State and federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program
School Bus Purchase

Non-Reimbursable Grants

Special Revenue Funds

Educational Management Information System
Onenet – Connectivity
Schoolnet Professional Development Grant
Summer School Subsidy
Safe School Hotline
Eisenhower Grant
Title VI-B – Flow Through
Title I
Title II - A
Title VI
Drug Free Grant
E-Rate
Title VI - R
Title II - D
Capital Projects Funds
School Net Plus
Powerup Grant

Reimbursable Grants

General Fund

Driver Education

Proprietary Funds

National School Lunch Program
Government Donated Commodities

I. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans are classified as “interfund receivables” and “interfund payables”. Long-term interfund loans are classified as “advances to/from other funds” and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

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J. Compensated Absences

The School District accrues vacation as earned by its employees if the leave is attributable to past service and it is probable that the School District will compensate the employees for the benefits through paid time or some other means, such as cash payments at termination or retirement. Likewise, the School District accrues for sick pay benefits as earned by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future. These compensated absences are measured using the rates in effect at June 30, 2003.

For governmental funds, the School District provides a liability for unpaid compensated absences for eligible employees in the period the employees become eligible to receive payment. The current portion of unpaid compensated absences is the amount to be paid using expendable available resources and is reported as an accrued liability in the fund from which the individuals who have accumulated the unpaid compensated absences are paid. The balance of the liability is reported in the General Long-Term Obligations Account Group. In proprietary funds, compensated absences are expensed when earned. The entire amount of unpaid compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. In general, amounts paid more than sixty days after year end are considered not to have been paid with current available financial resources. Bonds and capital leases are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Under Ohio law, a debt retirement fund must be created and used for the payment of tax anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the activity of the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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M. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, prepaid items, property taxes, and the Bureau of Workers' Compensation portion of budget stabilization. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

N. 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.

O. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 3 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and Expendable Trust Funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).
4. Proceeds from and principal payment on bond and tax anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).
5. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

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The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements for all governmental fund types:

**Excess (Deficiency) of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Funds**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	\$ (164,283)	\$ (2,780)	\$ (18,494)	\$ 1,000
Revenue adjustments	83,904	40	65	-
Expenditure adjustments	35,899	(4,790)	-	-
Reserve for encumbrances - budgetary basis	<u>(129,225)</u>	<u>(2,792)</u>	<u>-</u>	<u>-</u>
Budgetary Basis	<u>\$ (173,705)</u>	<u>\$ (10,322)</u>	<u>\$ (18,429)</u>	<u>\$ 1,000</u>

Note 4 - Deposits and Investments

State statutes classify monies held by the School District into three categories.

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

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

Interim 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 deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts.

Protection of School 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.

Interim monies may 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 and interest by the United States;

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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 bankers' 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 moneys available for investment at any one time.
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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

During fiscal year 2003, the School District's investments were limited to STAR Ohio. During the fiscal year, all investments of the School District had a maturity of two years or less.

At fiscal year end, the School District had \$4,300 in undeposited cash on hand included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

Deposits At fiscal year end, the carrying amount of the School District's deposits was \$1,314,714 and the bank balance was \$1,416,178. \$300,000 of the bank balance was covered by federal depository insurance. \$1,116,178 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the FDIC.

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Investments Investments are required to be categorized into the following:

Category 1 includes investments that are insured or registered or for which the securities are held by Stryker Local School District or the School District's agent in the School District's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Stryker Local School District's name.

Category 3 includes uninsured and unregistered investment for which the securities are held by the broker or dealer or by its trust department but not in the Stryker Local School District's name.

At year end, the District had an investment in STAR Ohio with a value of \$12,323. STAR Ohio is an investment pool operated by the Ohio Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$ 1,331,337	\$ -
Cash on Hand	(4,300)	-
Investments:		
STAR Ohio	(12,323)	12,323
GASB Statement 3	\$ 1,314,714	\$ 12,323

Note 5 - Property Taxes

Property taxes are levied and assessed on a calendar year basis. First-half tax distributions are received by the School District in the second half of the fiscal year. Second-half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The School District receives property taxes from Williams County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2003. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

The assessed values upon which the fiscal year 2003 taxes are based as follows:

	2002 Second-Half Collections		2003 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 40,463,370	76.17%	\$ 41,447,990	76.54%
Public Utility Personal	6,087,500	11.46%	5,595,900	10.33%
Tangible Personal Property	6,571,880	12.37%	7,109,290	13.13%
Total	<u>\$ 53,122,750</u>	<u>100.00%</u>	<u>\$ 54,153,180</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 43.20		\$ 43.20	

Note 6 - Income Tax

In 1990, the voters of the Stryker Local School District passed a 1% school income tax on wages earned by residents of the District. In 2000, the voters of the School District passed an additional ½% increase effective for 3 years. This additional tax is due to expire on December 31, 2003. The taxes are collected by the State Department of Taxation in the same manner as the state income tax. In the fiscal year ending June 30, 2003, the District recorded income tax revenue of \$665,076 in the General Fund, of which \$245,659 is recorded as a receivable at June 30, 2003.

Note 7 - Receivables

Receivables at June 30, 2003, consisted of taxes, accounts and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal receivables follows:

	<u>Amounts</u>
General Fund:	
Taxes	\$ 1,221,375
Accounts	7,128
Accrued interest	4,431
Income tax	245,659
Capital Project Funds:	
Taxes	41,461
Total	<u>\$ 1,520,054</u>

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 8 - Fixed Assets

A summary of the changes in General Fixed Assets Account Group is as follows:

	Balance at 6/30/02	Additions	Deductions	Balance at 6/30/03
Land and Land Improvements	\$ 198,434	\$ 253,193	\$ -	\$ 451,627
Buildings	3,182,460	3,461	-	3,185,921
Furniture, fixtures and equipment	1,585,433	97,187	168,629	1,513,991
Textbooks and library books	789,075	72,485	506	861,054
Total	<u>\$ 5,755,402</u>	<u>\$ 426,326</u>	<u>\$ 169,135</u>	<u>\$ 6,012,593</u>

A summary of Enterprise Fund fixed assets is as follows:

	Balance at 6/30/03
Furniture, fixtures and equipment	\$ 118,268
Accumulated depreciation	(84,960)
Total	<u>\$ 33,308</u>

Note 9 - Risk Management

A. Comprehensive

The School District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 90% co-insured.

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

B. Employee Insurance Benefits Program

The School District participates in the Northern Buckeye Education Council Employee Insurance Benefits Program (the Program), a public entity shared risk pool (see Note 16) consisting of school districts within Defiance, Fulton, Henry, Lucas, Williams and Wood Counties and other eligible governmental entities. The School District pays monthly premiums to the Northern Buckeye Education Council for the benefits offered to its employees, which includes health, dental, and life insurance plans. The Northern Buckeye Education Council is responsible for the management and operations of the program. The agreement for the Program provides for additional assessments to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Program, a participant is responsible for any claims not processed and paid and any related administrative costs.

C. Workers' Compensation Group Program

The School District participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (see Note 16). The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

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

Note 10 - Defined Benefit Pension Plans

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$75,371, \$72,767 and \$55,619, respectively; 54 percent has been contributed for fiscal year 2003 and 100 percent has been contributed for fiscal year 2002 and 2001. \$34,404 representing the unpaid contribution for fiscal year 2003 is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer defined benefit pension plan. STRS provides retirement and disability benefits, health care benefits and death benefits to plan members and beneficiaries. State statute assigns the authority to establish and amend benefit provisions to the STRS Ohio Board of Trustees. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate, presently 14 percent; 10.5% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$270,734, \$264,649 and \$239,797, respectively; 84 percent has been contributed for fiscal year 2003 and 100 percent for the fiscal years 2002 and 2001. \$42,228 represents the unpaid contribution for fiscal year 2003, and is recorded as a liability within the respective funds.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

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. The Board's liability is 6.2 percent of wages paid.

Note 11 - 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 classified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligation 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.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By 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 year 2003, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$80,071.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.011 billion at June 30, 2002 (the latest information available). For the fiscal year ended June 30, 2001, net health care costs paid by STRS were \$354,697,000, and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 9.8 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the District, the amount to fund health care benefits, including the surcharge, was \$45,584 for fiscal year 2003.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001 (the latest information available), were \$182,946,777, and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Note 12 - Other Employee Benefits

A. Compensated Absences

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Clerical, Technical, and Maintenance and Operation employees with one or more years of service are entitled to vacation ranging from 5 to 25 days. Teachers do not earn vacation time.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rate basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to one-third of the accumulated sick leave to a maximum payout of 30 days, except that those employees who elect to retire within twelve months of the earliest permissible retirement date shall be paid one-third of the accumulated sick leave to a maximum of 60 days.

At June 30, 2003 the current amount of unpaid compensated absences, in all funds except for the proprietary funds, and the balance of the liability in the General Fund and the General Long-Term Obligation Account Group was \$11,302 and \$331,453 respectively. The liability for compensated absences in the proprietary funds at June 30, 2003 was \$6,430.

B. Health Care Benefits

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

Note 13 - Long-Term Obligations

During the year ended June 30, 2003, the following changes occurred in obligations reported in the General Long-Term Obligations Account Group:

	Balance at June 30, 2002	Additions	Reductions	Balance at June 30, 2003
Notes payable	\$ 359,184	\$ -	\$ 170,803	\$ 188,381
Compensated absences payable	348,960	-	17,507	331,453
SERS and SERS surcharge	18,064	7,059	-	25,123
Total	<u>\$ 726,208</u>	<u>\$ 7,059</u>	<u>\$ 188,310</u>	<u>\$ 544,957</u>

Debt outstanding at June 30, 2003 consisted of a school improvement note totaling \$188,381 (interest rate 5.40% at June 30, 2003). The note was issued in September 1999 and will mature in September 2014. Total expenditures for interest for the above debt for the period ended June 30, 2003 was \$10,669.

The scheduled payments of principal and interest on debt outstanding at June 30, 2003 are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2004	\$ 12,439	\$ 10,032	\$ 22,471
2005	13,039	9,628	22,667
2006	13,757	8,975	22,732
2007	14,566	8,166	22,732
2008	15,403	7,329	22,732
2009-2013	91,819	21,843	113,662
2014-2015	27,358	1,058	28,416
Total	<u>\$ 188,381</u>	<u>\$ 67,031</u>	<u>\$ 255,412</u>

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 14 - Segment Information for Enterprise Funds

The School District maintains two Enterprise Funds which provide lunchroom/cafeteria and uniform school supply services. Segment information for the year ended June 30, 2003 was as follows:

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$ 91,140	\$ 11,253	\$ 102,393
Depreciation Expense	1,072	-	1,072
Operating Income (Loss)	(45,867)	(4,587)	(50,454)
Operating Grants	30,957	-	30,957
Donated Commodities	25,976	-	25,956
Interest	109	-	109
Net Income (Loss)	11,175	(4,587)	6,588
Net working capital	(14,355)	1,000	(13,355)
Total Assets	62,233	5,460	67,693
Total Liabilities	43,280	4,460	47,740
Total Equity (deficit)	18,953	1,000	19,953

Note 15 - Jointly Governed Organizations

A. Northwest Ohio Computer Association

The School District is a participant in the Northwest Ohio Computer Association (NWOCA), a subsidiary of the Northern Buckeye Education Council. NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, Lucas, Williams and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The NWOCA Assembly consists of the superintendent from each participating school district and a representative from the fiscal agent. The Assembly elects the Council. NWOCA is governed by a Council chosen from two representatives from each of the four counties in which the member school districts are located and the representative from the member school district serving as fiscal agent for NWOCA. The degree of control exercised by any participating school district is limited to its representation on the Board. Total disbursements made by the District to NWOCA during this fiscal year were \$27,139. Financial information can be obtained from Cindy Siler, who serves as treasurer, at 22-900 State Route 4, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (the Council) was established in 1979 to foster cooperation among school districts located in Defiance, Fulton, Henry, Lucas, Williams and Wood Counties. The Council is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member school districts and bylaws adopted by the representatives of the member school districts. NBEC is governed by an elected board consisting of two representatives from each of the six counties in which member's districts are located. The Board is elected from an assembly consisting of a representative from each participating district. The degree of control exercised by any participating school district is limited to its representation on the Board. To obtain financial information write to the Northern Buckeye Education Council, Cindy Siler, who serves as treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

C. Four County Career Center

The Four County Career Center is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Center is operated under the direction of a Board consisting of eleven members. It serves 22 school districts located in Defiance, Fulton, Henry and Williams counties. The degree of control exercised by any participating school district is limited to its representation on the Board. The Four County Career Center possesses its own budgeting and taxing authority. To obtain financial information write to the Four County Joint Vocational School, Lois Knuth, who serves as Treasurer, at Route 1, Box 245A, Archbold, Ohio 43502.

Note 16 - Group Purchasing Pools

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

The Northern Buckeye Education Council's Employee Insurance Benefits Program includes health, dental, drug, and life insurance plans. The health, drug, and dental plans are risk-sharing pools among approximately 28 members, and the life insurance plan is a group purchasing pool among 28 members. The purpose of the plans is for its members to pool funds or resources to purchase commercial insurance products and enhance the wellness opportunities for employees.

Each member pays a monthly premium amount, which is established annually by the Council, to the treasurer to comply with the terms of any contracts with any third-party claims administrator or insurance company. The insurance group is governed by the Northern Buckeye Education Council and program participants. The degree of control exercised by any participating member is limited to its representation on the council.

In fiscal year 2003, the Stryker Local School District contributed a total for all four plans \$313,079, which represented 1.5 percent of total contributions. Financial information can be obtained from Cindy Siler, who serves as treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

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

The School District participates in a group rating plan for workers' compensation as established under section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council's Worker's Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Educational Council (NBEC) as a group purchasing pool. The Plan is governed by the NBEC and plan participants. The Executive Director of the Council coordinates the management and administration of the program. Each year, the participating/members pay an enrollment fee to the WCGRP to cover the costs of administering the program.

Note 17 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2003.

B. Litigation

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

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

C. State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

Note 18 - Interfund Transactions

Interfund balances at June 30, 2003 consist of the following individual fund receivables and payables.

	Due From Other Funds	Due To Other Funds	
General Fund	\$ 28,023	\$ -	
Enterprise Fund	-	27,694	
Special Revenue Funds	-	329	
Capital Projects Funds	-	100,935	
Debt Service Funds	100,935	-	
Total transfers	<u>\$ 128,958</u>	<u>\$ 128,958</u>	

Note 19 - Agency Funds

	Combined Statement of Changes in Assets and Liabilities			
	Balance at July 1, 2002	Additions	Deductions	
Cash	\$ 14,815	\$ -	\$ 680	\$ 14,135
Total assets	<u>\$ 14,815</u>	<u>\$ -</u>	<u>\$ 680</u>	<u>\$ 14,135</u>
Other liabilities	\$ 14,815	\$ -	\$ 680	\$ 14,135
Total liabilities	<u>\$ 14,815</u>	<u>\$ -</u>	<u>\$ 680</u>	<u>\$ 14,135</u>

Note 20 - Statutory Reserves

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. In prior years, the District was also required to set aside money for budget stabilization. For fiscal year 2003, only the unspent portion of certain workers compensation refunds is required to be set aside at fiscal year end. The balance no longer required by statute for budget stabilization was designated by the District to be used for budget stabilization.

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

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

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside Balance, June 30, 2002	\$ (35,524)	\$ -	\$ 68,134
Current Year Set-Aside Requirement	73,293	73,293	-
Current Year Offsets	-	-	75,625
Qualifying Disbursements	(153,319)	(65,844)	-
Total	<u>\$ (115,550)</u>	<u>\$ 7,449</u>	<u>\$ 143,759</u>
Balance Carried Forward to FY 2003	<u>\$ (115,550)</u>	<u>\$ 7,449</u>	<u>\$ 143,759</u>
Total Restricted Assets			<u>\$ 151,208</u>

Note 21 – Retained Earnings/Fund Balance Deficits

The following fund had a deficit fund balance at June 30, 2003.

Capital Projects Fund	<u>Deficit Retained Earnings</u> <u>\$ (98,864)</u>
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STEYER & CO.

Certified Public Accountants

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education
Stryker Local School District
Stryker, Ohio

We have audited the general purpose financial statements of the Stryker Local School District, as of and for the year ended June 30, 2003, and have issued our report thereon dated September 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated September 21, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the District in a separate letter dated September 21, 2004.

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



STEYER & CO.

Defiance, Ohio
September 21, 2004

**STRYKER LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

GENERAL COMMENTS

The audit report was reviewed with and acknowledged by the following officials on December 21, 2004.

J. Richard Gieringer
Eric K. Beavers

Superintendent
Treasurer

They were informed that officials had five working days from the date of the post audit conference to respond to, or contest, in writing, the report contents. No written response was received.

District personnel were cooperative and available for questions and assistance during regular working hours.



**Auditor of State
Betty Montgomery**

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STRYKER LOCAL CITY SCHOOL

WILLIAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED

MARCH 15, 2005