



**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Bryan City School District
Williams County
120 South Beech Street
Bryan, Ohio 43506-1601

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Bryan City School District, Williams County, (the District) as of and for the year ended June 30, 1999, 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 generally accepted auditing standards 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, 1999, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2000 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.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

January 21, 2000

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**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 2,325,421	\$ 180,954	\$ 1,456,368	\$ 11,780
Cash and Cash Equivalents:				
With Fiscal Agents		5,381		
Receivables:				
Taxes	6,639,246		477,309	
Accounts	2,590			
Intergovernmental				
Accrued Interest		1,334		
Interfund Receivable	2,608			
Materials and Supplies Inventory				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	146,345			
Fixed Assets				
Accumulated Depreciation				
Other Debits:				
Amount Available in Debt Service Fund				
Amount to be Provided for Retirement of General Long-Term Obligations				
Total Assets and Other Debits	\$ 9,116,210	\$ 187,669	\$ 1,933,677	\$ 11,780
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	\$ 63,530	\$ 2,743	\$ 0	\$ 0
Accrued Wages and Benefits	1,106,508	41,376		
Compensated Absences Payable	27,225			
Interfund Payable		2,608		
Intergovernmental Payable	175,320			
Deferred Revenue	5,870,776		435,770	
Due to Students				
General Obligation Bonds Payable				
Total Liabilities	<u>7,243,359</u>	<u>46,727</u>	<u>435,770</u>	
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved:				
Reserved for Encumbrances	317,351	21,609		1,830
Reserved for Debt Service Principal			1,456,368	
Reserved for Advances	2,608			
Reserved for Property Taxes	768,470		41,539	
Reserved for Endowment				
Reserved for Budget Stabilization	146,345			
Unreserved:				
Unreserved, Undesignated	638,077	119,333		9,950
Total Fund Equity and Other Credits	<u>1,872,851</u>	<u>140,942</u>	<u>1,497,907</u>	<u>11,780</u>
Total Liabilities, Fund Equity and Other Credits	\$ 9,116,210	\$ 187,669	\$ 1,933,677	\$ 11,780

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

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$ 133,386	\$ 42,012	\$ 0	\$ 0	\$ 4,149,921
				5,381
				7,116,555
750				3,340
15,966				15,966
				1,334
				2,608
37,629				37,629
				146,345
269,620 (181,839)		18,345,811		18,615,431 (181,839)
			1,497,907	1,497,907
			3,499,266	3,499,266
\$ 275,512	\$ 42,012	\$ 18,345,811	\$ 4,997,173	\$ 34,909,844
\$ 2,812	\$ 0	\$ 0	\$ 0	\$ 69,085
26,467				1,174,351
20,135			1,559,611	1,606,971
				2,608
32,798			62,562	270,680
13,082				6,319,628
	38,722			38,722
			3,375,000	3,375,000
95,294	38,722	0	4,997,173	12,857,045
		18,345,811		18,345,811
180,218				180,218
				340,790
				1,456,368
				2,608
				810,009
	3,290			3,290
				146,345
				767,360
180,218	3,290	18,345,811	0	22,052,799
\$ 275,512	\$ 42,012	\$ 18,345,811	\$ 4,997,173	\$ 34,909,844

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types	
	General	Special Revenue
Revenues:		
Intergovernmental	\$ 4,609,412	\$ 322,498
Interest	241,974	2,595
Tuition and Fees	4,725	
Rent	35,183	
Extracurricular Activities		257,739
Gifts and Donations		25,346
Property and Other Local Taxes	7,216,805	
Miscellaneous	69,386	
Total Revenues	12,177,485	608,178
Expenditures:		
Instruction:		
Regular	6,450,351	31,156
Special	856,763	257,010
Vocational	186,108	
Adult/Continuing		2,611
Other	56,177	
Support Services:		
Pupils	669,909	46,350
Instructional Staff	443,323	25,572
Board of Education	13,696	
Administration	1,348,138	18,094
Fiscal	310,168	
Business	63,870	
Operation and Maintenance of Plant	1,332,819	2,188
Pupil Transportation	406,322	
Central	19,544	382
Extracurricular activities	192,723	265,182
Capital Outlay	154,049	
Debt Service:		
Principal		
Interest		
Total Expenditures	12,503,960	648,545
Deficiency of Revenues Under Expenditures	(326,475)	(40,367)
Other Financing Sources		
Proceeds from Sale of Fixed Assets	320	
Refund of Prior Year Expenditures	51	
Total Other Financing Sources	371	0
Deficiency of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(326,104)	(40,367)
Fund Balances at Beginning of Year	2,198,955	181,309
Fund Balances at End of Year	\$ 1,872,851	\$ 140,942

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

Governmental Fund Types		Totals (Memorandum Only)
Debt Service	Capital Projects	
\$ 51,400	\$ 207,682	\$ 5,190,992
		244,569
		4,725
		35,183
		257,739
		25,346
549,873		7,766,678
		69,386
<u>601,273</u>	<u>207,682</u>	<u>13,594,618</u>
		6,481,507
		1,113,773
		186,108
		2,611
		56,177
	215,107	931,366
		468,895
		13,696
		1,366,232
14,926		325,094
		63,870
		1,335,007
		406,322
		19,926
		457,905
		154,049
375,000		375,000
216,468		216,468
<u>606,394</u>	<u>215,107</u>	<u>13,974,006</u>
<u>(5,121)</u>	<u>(7,425)</u>	<u>(379,388)</u>
		320
		51
<u>0</u>	<u>0</u>	<u>371</u>
(5,121)	(7,425)	(379,017)
1,503,028	19,205	3,902,497
<u>\$ 1,497,907</u>	<u>\$ 11,780</u>	<u>\$ 3,523,480</u>

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999**

	General Fund		
	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 4,614,806	\$ 4,610,770	\$ (4,036)
Interest	290,000	231,241	(58,759)
Tuition and Fees	10,000	4,725	(5,275)
Rent	26,200	56,773	30,573
Extracurricular Activities			
Gifts and Donations			
Property and Other Local Taxes	6,420,176	7,186,873	766,697
Miscellaneous	25,000	71,848	46,848
Total Revenues	<u>11,386,182</u>	<u>12,162,230</u>	<u>776,048</u>
Expenditures:			
Instruction:			
Regular	6,679,532	6,402,838	276,694
Special	882,645	851,466	31,179
Vocational	201,985	186,532	15,453
Adult/Continuing			
Other	57,000	56,178	822
Support Services:			
Pupils	710,200	695,079	15,121
Instructional Staff	472,097	450,048	22,049
Board of Education	19,600	13,703	5,897
Administration	1,407,050	1,351,981	55,069
Fiscal	356,950	305,552	51,398
Business	80,485	61,745	18,740
Operation and Maintenance of Plant	1,622,810	1,533,504	89,306
Pupil Transportation	539,022	417,246	121,776
Central	31,276	29,880	1,396
Extracurricular activities	210,370	195,493	14,877
Capital Outlay	287,099	206,932	80,167
Debt Service:			
Principal			
Interest			
Total Expenditures	<u>13,558,121</u>	<u>12,758,177</u>	<u>799,944</u>
Deficiency of Revenues Under Expenditures	<u>(2,171,939)</u>	<u>(595,947)</u>	<u>1,575,992</u>
Other Financing Sources (Uses)			
Operating Transfers In	49,636	49,636	0
Proceeds from Sale of Fixed Assets		320	320
Refund of Prior Year Expenditures		51	51
Operating Transfers Out	(49,640)	(49,636)	4
Other Financing Uses	(427,640)		427,640
Total Other Financing Sources (Uses)	<u>(427,644)</u>	<u>371</u>	<u>428,015</u>
Deficiency of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	<u>(2,599,583)</u>	<u>(595,576)</u>	<u>2,004,007</u>
Fund Balances at Beginning of Year	2,219,552	2,219,552	0
Prior Year Encumbrances Appropriated	466,909	466,909	0
Fund Balances at end of Year	<u>\$ 86,878</u>	<u>\$ 2,090,885</u>	<u>\$ 2,004,007</u>

Special Revenue			Debt Service		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$ 361,840	\$ 302,742	\$ (59,098)	\$ 45,000	\$ 51,400	\$ 6,400
1,900	2,020	120			
279,300	258,119	(21,181)			
18,500	25,346	6,846			
			555,200	548,884	(6,316)
661,540	588,227	(73,313)	600,200	600,284	84
35,660	33,592	2,068			
337,726	255,499	82,227			
6,000	1,679	4,321			
56,450	46,354	10,096			
5,072	5,044	28			
19,493	18,445	1,048	19,400	14,926	4,474
652	607	45			
688	680	8			
375,538	294,412	81,126			
			375,000	375,000	0
			216,468	216,468	0
837,279	656,312	180,967	610,868	606,394	4,474
(175,739)	(68,085)	107,654	(10,668)	(6,110)	4,558
0	0	0	0	0	0
(175,739)	(68,085)	107,654	(10,668)	(6,110)	4,558
180,212	180,212	0	1,462,478	1,462,478	0
45,408	45,408	0			
\$ 49,881	\$ 157,535	\$ 107,654	\$ 1,451,810	\$ 1,456,368	\$ 4,558

(Continued)

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999
(Continued)**

	Capital Projects		
	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 207,682	\$ 207,682	\$ 0
Interest			
Tuition and Fees			
Rent			
Extracurricular Activities			
Gifts and Donations			
Property and Other Local Taxes			
Miscellaneous			
Total Revenues	<u>207,682</u>	<u>207,682</u>	<u>0</u>
Expenditures:			
Instruction:			
Regular			
Special			
Vocational			
Adult/Continuing			
Other			
Support Services:			
Pupils	226,886	216,936	9,950
Instructional Staff			
Board of Education			
Administration			
Fiscal			
Business			
Operation and Maintenance of Plant			
Pupil Transportation			
Central			
Extracurricular activities			
Capital Outlay			
Debt Service:			
Principal			
Interest			
Total Expenditures	<u>226,886</u>	<u>216,936</u>	<u>9,950</u>
Deficiency of Revenues Under Expenditures	<u>(19,204)</u>	<u>(9,254)</u>	<u>9,950</u>
Other Financing Sources (Uses)			
Operating Transfers In			
Proceeds from Sale of Fixed Assets			
Refund of Prior Year Expenditures			
Operating Transfers Out			
Other Financing Uses			
Total Other Financing Sources (Uses)			
Deficiency of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(19,204)	(9,254)	9,950
Fund Balances at Beginning of Year	19,204	19,204	0
Prior Year Encumbrances Appropriated			
Fund Balances at end of Year	<u><u>\$ 0</u></u>	<u><u>\$ 9,950</u></u>	<u><u>\$ 9,950</u></u>

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

Totals (Memorandum Only)		
Budget	Actual	Variance: Favorable (Unfavorable)
\$ 5,229,328	\$ 5,172,594	\$ (56,734)
291,900	233,261	(58,639)
10,000	4,725	(5,275)
26,200	56,773	30,573
279,300	258,119	(21,181)
18,500	25,346	6,846
6,975,376	7,735,757	760,381
25,000	71,848	46,848
12,855,604	13,558,423	702,819
6,715,192	6,436,430	278,762
1,220,371	1,106,965	113,406
201,985	186,532	15,453
6,000	1,679	4,321
57,000	56,178	822
993,536	958,369	35,167
477,169	455,092	22,077
19,600	13,703	5,897
1,426,543	1,370,426	56,117
376,350	320,478	55,872
80,485	61,745	18,740
1,623,462	1,534,111	89,351
539,022	417,246	121,776
31,964	30,560	1,404
585,908	489,905	96,003
287,099	206,932	80,167
375,000	375,000	0
216,468	216,468	0
15,233,154	14,237,819	995,335
(2,377,550)	(679,396)	1,698,154
49,636	49,636	0
	320	320
	51	51
(49,640)	(49,636)	4
(427,640)		427,640
(427,644)	371	428,015
(2,805,194)	(679,025)	2,126,169
3,881,446	3,881,446	0
512,317	512,317	0
\$ 1,588,569	\$ 3,714,738	\$ 2,126,169

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Revenues:			
Sales	\$ 468,688	\$ 0	\$ 468,688
Other Revenues	11,502		11,502
Total Operating Revenues	<u>480,190</u>	<u>0</u>	<u>480,190</u>
Operating Expenses:			
Salaries	181,463		181,463
Fringe Benefits	61,575		61,575
Purchased Services	6,085	352	6,437
Materials and Supplies	393,921		393,921
Depreciation	20,231		20,231
Total Operating Expenses	<u>663,275</u>	<u>352</u>	<u>663,627</u>
Operating Loss	<u>(183,085)</u>	<u>(352)</u>	<u>(183,437)</u>
Non-Operating Revenues:			
Federal Donated Commodities	54,752		54,752
Federal and State Subsidies	112,693		112,693
Total Non-Operating Revenues	<u>167,445</u>	<u>0</u>	<u>167,445</u>
Net Loss	(15,640)	(352)	(15,992)
Fund Balance/Retained Earnings at Beginning of Year	<u>195,858</u>	<u>3,642</u>	<u>199,500</u>
Fund Balance/Retained Earnings at End of Year	<u><u>\$ 180,218</u></u>	<u><u>\$ 3,290</u></u>	<u><u>\$ 183,508</u></u>

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

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash Flows from Operating Activities:			
Cash Received from Sales	\$ 468,273	\$ 0	\$ 468,273
Other Cash Receipts	11,502		11,502
Cash Payments to Suppliers for Goods and Services	(340,206)		(340,206)
Cash Payments for Contract Services	(6,085)	(352)	(6,437)
Cash Payments for Employee Services	(175,298)		(175,298)
Cash Payments for Employee Benefits	(62,270)		(62,270)
Net Cash Used for Operating Activities	<u>(104,084)</u>	<u>(352)</u>	<u>(104,436)</u>
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	<u>111,100</u>		<u>111,100</u>
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	<u>(16,683)</u>		<u>(16,683)</u>
Net Decrease in Cash and Cash Equivalents	(9,667)	(352)	(10,019)
Cash and Cash Equivalents at Beginning of Year	<u>143,053</u>	<u>3,642</u>	<u>146,695</u>
Cash and Cash Equivalents at End of Year	<u>\$ 133,386</u>	<u>\$ 3,290</u>	<u>\$ 136,676</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES			
Operating Loss	\$ (183,085)	\$ (352)	\$ (183,437)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:			
Depreciation	20,231		20,231
Donated Commodities	54,752		54,752
(Increase) Decrease in Assets:			
Accounts Receivable	(415)		(415)
Material and Supplies Inventory	(3,038)		(3,038)
Increase (Decrease) in Liabilities:			
Compensated Absences Payable	1,833		1,833
Intergovernmental Payable	1,532		1,532
Deferred Revenue	(310)		(310)
Accounts Payable	2,311		2,311
Accrued Wages and Benefits	2,105		2,105
Total Adjustments	<u>79,001</u>	<u>0</u>	<u>79,001</u>
Net Cash Used for Operating Activities	<u>\$ (104,084)</u>	<u>\$ (352)</u>	<u>\$ (104,436)</u>
Reconciliation of Nonexpendable Trust Fund Cash and Cash Equivalents to Balance Sheet:			
Total Cash - Trust and Agency Fund: Per Balance Sheet		\$ 42,012	
Less: Cash - Agency Fund		<u>38,722</u>	
Cash and Cash Equivalents - Nonexpendable Trust Fund		<u>\$ 3,290</u>	

The Food Service Fund consumed donated commodities with a value of \$54,752. The use of these commodities is reflected as an operating expense.

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

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NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Bryan City School 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. Bryan City School District is a city district as defined by § 3311.22 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's seven instructional/support facilities.

The Reporting Entity

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

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

The District is associated with organizations, which are defined as jointly governed organizations, group purchasing pools, and related organizations. These organizations include the Northwest Ohio Computer Association, The Northern Buckeye Education Council, the Four County Joint Vocational School, the Northern Buckeye Education Council's Employee Insurance Benefits Program, and the Northern Buckeye Education Council Workers' Compensation Group Rating Plan. These organizations are presented in Note 12 and 13 to the general-purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The modified accrual basis of accounting is followed for Governmental and Agency Funds. The measurement focus is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income determination. Under this basis of accounting:

1. Only current assets and current liabilities are generally included on their balance sheets.
2. Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.
3. Revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after year end.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

- a. Revenue accrued at the end of the year included taxes, interest, student fees, and tuition.
 - b. Property taxes measurable but not available as of June 30, 1999 and delinquent property taxes, whose availability is indeterminate, have been recorded as deferred revenues.
4. Expenditures are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest are reported only when due; the current costs of accumulated unpaid vacation and sick leave are reported in the period in which they will be liquidated with available financial resources, rather than in the period earned by employees.

The Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

The Proprietary and Nonexpendable Trust Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. The 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.

B. Fund Accounting

The District maintains its accounting in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reporting in other funds. The restrictions associated with each class of funds are as follows:

1. Governmental Funds

The funds through which most Board of Education functions are typically financed.

General Fund - The fund used to account for all financial resources except those required to be segregated and accounted for in other funds. The General Fund is the general operating fund of the District.

Special Revenue Funds - The funds used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to disbursements for specified purposes.

Debt Service Funds - The funds used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. According to the governmental accounting principles, the Debt Service Fund accounts for the payment of long-term debt for Governmental Funds only. Under Ohio law, the Debt Service Fund might also be used

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

to account for the payment of debt for Proprietary Funds and the short-term debt of both Governmental and Proprietary Funds.

Capital Projects Funds - The funds 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 and Nonexpendable Trust Funds).

2. Fiduciary Funds

The funds used to account for assets not owned by the Board, but held for a separate entity.

Trust Funds - The funds used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These may include Expendable Trust Funds and Nonexpendable Trust Funds.

Agency Funds - The funds used to account for assets held by the District as an agent.

3. Proprietary Funds

The funds used to account for Board activities that are similar to business operations in the private sector. Proprietary Funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund measurement focus is upon determination of net income, financial position and cash flows.

Enterprise Funds - The funds used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

4. Account Groups

General Fixed Assets - Fixed assets acquired or constructed for general governmental services are recorded as expenditures in the fund making the expenditures and capitalized at cost in the General Fixed Assets Account Group.

General Long-Term Obligations - This group of accounts is established to account for all long-term obligations of the District except those accounted for in the Proprietary Funds.

C. Budgetary Accounting

Budgets are adopted on a cash basis.

The Eisenhower and Handicapped Preschool special revenue funds are pass-through grants in which the Northwest Ohio Educational Service Center is the primary recipient. Budgetary information for these funds are not included within the District's reporting entity for which the "appropriated budget" is adopted, and they do not maintain separate budgetary records.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

The District is required by State statute to adopt an annual appropriation budget for all funds. The specific timetable is as follows:

1. Prior to January 15, the Treasurer submits 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. A public hearing is publicized and conducted to obtain taxpayers' comments. The purpose of this Budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board adopted budget is filed with the County Budget Commission for rate determination.
3. 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. The annual appropriation measure (the true operating budget) is then developed at the fund, function and object level of expenditures, which are the legal levels of budgetary control.
4. By July 1, the annual appropriation measure for all funds is legally enacted by the Board of Education. After a public hearing is held the appropriation measure, by law, may not exceed the Certificate of Estimated Resources. The Certificate may be amended to include actual unencumbered balances at the June 30 fiscal year end or if projected increases or decreases in revenue are identified by the District during the year.
5. The District maintains budgetary control by not permitting expenditures to exceed appropriations within each fund, function and object without approval of the Board of Education. The Board permits management to make discretionary budgetary adjustments within each fund, which are approved by the Board on a monthly basis. Any adjustments that alter the total fund appropriation require specific action of the Board.
6. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

The District's budget (budget basis) for all funds accounts for certain transactions on a basis, which differs from generally accepted accounting principles (GAAP basis). The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash for budget purposes as opposed to when susceptible to accrual for GAAP purposes.
2. Expenditures and expenses are recorded when paid in cash or encumbered for budget purposes as opposed to when the liability is incurred for GAAP purposes.

An analysis of the difference between GAAP and budgetary basis for all governmental fund types for the year ended June 30, 1999 follows:

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

Deficiency of Revenues and Other Sources
Under Expenditures and Other Uses

	General	Special Revenue	Debt Service	Capital Projects
Budget Basis	\$ (595,576)	\$ (68,085)	\$ (6,110)	\$ (9,254)
Revenue Accruals	(34,381)	19,951	989	
Expenditure Accruals	(77,029)	(15,653)		
Encumbrances	380,882	23,420		1,829
GAAP Basis	<u>\$ (326,104)</u>	<u>\$ (40,367)</u>	<u>\$ (5,121)</u>	<u>\$ (7,425)</u>

D. Encumbrances

The District is required to use the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 1999, investments were limited to STAR Ohio and treasury notes. Investments are reported at fair value, which is based on quoted market prices.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 1999. 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, 1999.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to all funds during fiscal year 1999 amounted to \$244,569.

For purposes of the combined statement of cash flows, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. For the purpose of reporting cash flows, cash and cash equivalents are defined as equity in pooled cash and cash equivalents as these amounts are available for immediate withdrawal.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

F. Inventory

Inventories are valued at the lower of cost (first in, first out) or market, and are determined by physical count. Inventory in Governmental Funds consists of expendable supplies held for consumption. The cost has been recorded as an expenditure at the time individual inventory items were purchased. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

G. Property, Plant and Equipment

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Contributed fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$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. No depreciation is recognized for asset in General Fixed Assets Account Group. The District does not have any infrastructure.

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.

2. Proprietary Funds

Property plant and equipment reflected in the Proprietary Funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Contributed fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided for furniture, fixtures, and equipment on a straight-line basis over an estimated useful life of five to twenty years.

H. Intergovernmental Revenues

In Governmental Funds, entitlements and non-reimbursable grants 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. Grants for Proprietary Fund operations are recognized as revenue when measurable and earned. This District currently participates in various state and federal programs, categorized as follows:

Entitlements

General Fund
State Foundation Program

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

Non-Reimbursable Grants

Special Revenue Funds

Auxiliary Services
Teacher Development
Management Information Systems
Drug Free Grant
Title I
Title VI
Title VI-B
Textbook/Instructional Materials Subsidy
Eisenhower Grant
Preschool Disability Grant

Capital Projects

SchoolNet

Reimbursable Grants

General Fund

Driver Education Reimbursement
School Bus Reimbursement

Enterprise Fund

National School Lunch Program
Government Donated Commodities

I. Interfund Transactions

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

1. Transfers of resources from one fund to another fund through which resources are to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans are reflected as interfund receivables and interfund payables.

J. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the District to create a reserve for budget stabilization. See Note 14 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

K. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a 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, debt service principal, advances, property taxes, budget stabilization, and endowments.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. Money not yet held for the five year period is presented as reserved. The reserve for endowments signifies the legal restrictions on the use of principal.

L. Concentration of Credit Risk

Financial instruments, which potentially subject the District to concentrations of credit risk, consist primarily of taxes receivable.

M. Compensated Absences

The District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 16, "Accounting for Compensated Absences". In conformity with GASB Statement No. 16, the District accrues vacation as earned by its employees if the leave is attributable to past service and it is probable that the 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 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, 1999.

For governmental funds, the District provides a liability for unpaid accumulated sick leave and vacation time 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.

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.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

O. Pass-Through Grants

The Eisenhower and Handicapped Preschool Revenue are pass-through grants in which the Northwest Ohio Education Service Center is the primary recipient. In accordance with GASB Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance," the secondary recipients should report monies spent on their behalf by the primary recipient as revenue and operating expenses.

P. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This information is not comparable to a consolidation. Interfund-type eliminations have not been made in the combining of the data.

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS

State statutes classify monies held by the 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 District Treasury, in commercial accounts payable or withdrawal 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 passbook accounts.

Protection of District's deposits is provided by the Federal Deposit Insurance Corporation, 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;
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;

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of any securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and to 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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made through eligible institutions and,
6. The State Treasurer's investment pool (STAR Ohio).

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

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

A. Deposits

At the year-end, the carrying amount of the District's deposits was \$205,417 and the bank balance was \$298,975. Of the bank balance:

1. \$100,513 was covered by Federal Depository Insurance; and
2. \$198,462 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal regulations could potentially subject the District to a successful claim by the FDIC.

B. Investments

The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at the year end. Category 1 includes investments that are insured and registered, or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the District's name.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

Investments as of June 30, 1999 were as follows:

	Category	Fair Value
Investment in STAR Ohio	Not categorized	\$ 4,090,849

The State Treasurer's Investment Pool (STAR Ohio) is not a categorized investment because it is not evidenced by securities that exist in physical or book entry form.

The District held U.S. Treasury Notes (a category 3 investment) in fiscal year 1999 that were sold in their entirety by June 30, 1999.

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, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents Deposits	Investments
GASB Statement 9	\$ 4,301,647	
Cash with Fiscal Agents	(5,381)	
Investments:		
STAR Ohio	(4,090,849)	\$ 4,090,849
GASB Statement 3	\$ 205,417	\$ 4,090,849

NOTE 4 - PROPERTY TAXES

Property taxes include amounts levied against real, public utility, and tangible property located within the District. All property is required to be reappraised every six years with a triennial update.

Real property taxes, excluding public utility property, are assessed at 35 percent of appraised market value. Pertinent real property tax dates are:

Collection Dates	January and July of the current year
Lien Date	January 1 of the year preceding the collection year
Levy Date	October 1 of the year preceding the collection year

Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

The taxes are based on assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Pertinent tangible personal property tax dates are:

Collection Dates	April and September of the current year
Lien Date	January 1 of the current year
Levy Date	October 1 of the year preceding the collection year

Most public utility tangible personal property currently is assessed at 35 percent of its true value. Pertinent public utility tangible personal property tax dates are:

Collection Dates	January and July of the current year
Lien Date	December 31 of the second year preceding the collection year
Levy Date	October 1 of the year preceding the collection year

The County Treasurer collects real estate property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the District its portion of the taxes collected with final settlement in March and September.

The County Treasurer collects personal property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the District its portion of the taxes collected with final settlement in May and October.

Taxes receivable represent current and delinquent real property, tangible personal property, and public utility property taxes, which are measurable at June 30, 1999. These taxes are intended to finance the next fiscal year's operations, and are therefore offset by a credit to deferred revenue, except for the portion, which is available to advance as of June 30, 1999.

The assessed values of properties upon which property tax revenues were based are as follows:

	<u>Amount</u>
Agricultural/Residential	\$ 132,636,070
Commercial/Industrial	42,134,790
Public Utility	12,036,010
General Personal Property	53,517,430
Total valuation	<u>\$ 240,324,300</u>

NOTE 5 - FIXED ASSETS

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

Asset Category	Balance at 6/30/98	Additions	Disposals	Balance at 6/30/99
Land/Improvements	\$ 362,059	\$ 179,717	\$ 0	\$ 541,776
Buildings/Improvements	13,198,774	7,241		13,206,015
Furniture and Equipment	3,646,013	604,844	61,414	4,189,443
Text and Library Books	408,577			408,577
Totals	\$ 17,615,423	\$ 791,802	\$ 61,414	\$ 18,345,811

A summary of the Enterprise Fund fixed assets is as follows:

Asset Category	Balance at 6/30/99
Furniture and Equipment	\$ 269,620
Less: Accumulated Depreciation	(181,839)
Totals	\$ 87,781

NOTE 6 - LONG-TERM OBLIGATIONS

During the year ended June 30, 1999, the following changes occurred in obligations reported in the General Long-Term Obligations Account Group:

	Balance at July 1, 1998	Additions	Deductions	Balance at June 30, 1999
General Obligation Bonds	\$ 3,750,000	\$ 0	\$ 375,000	\$ 3,375,000
Pension Obligation	60,854	1,708		62,562
Compensated Absences	1,489,145	70,466		1,559,611
Total Long-Term Obligations	\$ 5,299,999	\$ 72,174	\$ 375,000	\$ 4,997,173

Debt outstanding at June 30, 1999 consisted of General Obligation Bonds totaling \$3,375,000 (interest rates at June 30, 1999 were 6.01 percent). The bonds were issued in March 1987 and will mature in December 2007.

Total expenditures for interest for the above debt for the period ended June 30, 1999 was \$216,468.

The scheduled payments of principal and interest on debt outstanding at June 30, 1999 are as follows:

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

Fiscal year Ending June 30,	Principal	Interest	Total
2000	\$ 375,000	\$ 194,625	\$ 569,625
2001	375,000	172,312	547,312
2002	375,000	149,625	524,625
2003	375,000	126,563	501,563
2004	375,000	103,125	478,125
thereafter	1,500,000	180,656	1,680,656
Total	<u>\$ 3,375,000</u>	<u>\$ 926,906</u>	<u>\$ 4,301,906</u>

NOTE 7 - COMPENSATED ABSENCES

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

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rata basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to thirty percent of the accumulated sick leave for all certificated and certain non-certificated employees up to a maximum of 71 days, and twenty-five percent of the accumulated sick leave for all other non-certificated employees, to a maximum of 40 days.

At June 30, 1999 the current amount of unpaid compensated absences in all funds, except for the proprietary funds, and the balance of the liability in the General Long-Term Obligation Account Group were \$27,225 and \$1,559,611, respectively. The liability for compensated absences in the proprietary funds at June 30, 1999 was \$20,135.

NOTE 8 - PENSION AND RETIREMENT PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (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 SERS, 45 North Fourth Street, Columbus, Ohio 43215 or by calling (614) 222-5853.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of the annual covered payroll. For fiscal year 1999, 9.79 percent was the portion used to fund pension obligations. 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 District's contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$146,201, \$141,990, and \$115,760, respectively, 58 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. Unpaid contributions for fiscal year 1999 are recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District participates in 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 basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the STRS, 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 District is required to contribute 14 percent; 10.5 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$788,052, \$768,118, and \$734,102, respectively, 86 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$112,434 representing unpaid contribution for fiscal year 1999 is recorded as a liability within the respective funds.

NOTE 9 - POSTEMPLOYMENT BENEFITS

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium.

The Revised Code grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently at 14 percent of covered payroll.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

The Retirement Board allocates employer contributions equal to 2 percent of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. However, for the fiscal year ended June 30, 1998, the board allocated employer contributions equal to 3.5 percent of covered payroll to Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2,156 million on June 30, 1998. For the District, this amount equaled \$262,684 during fiscal year 1999.

For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, 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.

After the allocation for the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 1998, the allocation rate is 4.98 percent. 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 1998, the minimum pay has been established as \$12,400. 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.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998 were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, the Retirement System's net assets available for payment of health care benefits were \$160.3 million. The number of participants currently receiving health care benefits is approximately 50,000.

For the District, the amount to fund health care benefits, including the surcharge equaled \$95,853 during the 1999 fiscal year.

NOTE 10 - INSURANCE

A. Comprehensive

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 100 percent co-insured.

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

B. Employee Insurance Benefits Program

The District participates in the Northern Buckeye Education Council Employee Insurance Benefits Program (the Program), a public entity shared risk pool consisting of school districts within Defiance, Fulton, Henry, and Williams Counties and other eligible governmental entities. The District pays monthly premiums to the Northern Buckeye Education Council (NBEC) for the benefits offered to its employees, which includes health, dental and life insurance. NBEC is responsible for the

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

management and operations of the program. The agreement for the Program provides for additional assessments to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Program, a participant is responsible for any claims not processed and paid and any related administrative costs.

C. Workers' Compensation Group Program

The District participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 13). The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

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

NOTE 11 - ENTERPRISE FUNDS SEGMENT INFORMATION

The District maintains three Enterprise Funds, which provide lunchroom/cafeteria, uniform school supply services, and high school concession services. Segment information for the year ended June 30, 1999 was as follows:

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Bryan High School Concessions</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$ 390,069	\$ 78,619	\$ 11,502	\$ 480,190
Depreciation Expense	20,231			20,231
Operating Income (Loss)	(179,501)	(3,742)	158	(183,085)
Donated Commodities	54,752			54,752
Grants	112,693			112,693
Net Income (Loss)	(12,056)	(3,742)	158	(15,640)
Net Working Capital	49,424	41,798	1,215	92,437
Total Assets	229,687	44,610	1,215	275,512
Total Liabilities	92,482	2,812		95,294
Total Equity	137,205	41,798	1,215	180,218

NOTE 12- JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Computer Association

The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, and Williams

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NWOCA is governed by the Northern Buckeye Education Council and its participating members. All payments made by the District for services received by NWOCA are made to the Northern Buckeye Education Council. 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

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among various educational entities located in Defiance, Fulton, Henry, and Williams counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the four counties, in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. The District paid \$84,737 for services received through NBEC in fiscal year 1999. 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.

C. Four County Joint Vocational School

The Four County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the educational service centers from the counties of Defiance, Fulton, Henry, and Williams; one representative from each of the city school districts; one representative from each of the exempted village school districts; and one additional representative from Fulton County educational service center. The Four County Joint Vocational School possesses its own budgeting and taxing authority. To obtain financial information write to the Four County Joint Vocational School, Michele Zeedyk, who serves as treasurer, at Route 1, Box 245A, Archbold, Ohio 43502.

NOTE 13 - 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, and life insurance plans. The health and dental plans are risk-sharing pools among approximately 30 members, and the life insurance plan is a group purchasing pool among 29 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 contract with any third-party claims administrator or insurance company. The insurance group is governed by a council consisting of two representatives from each of the four counties, in which the member school districts are located. The degree of control exercised by any participating member is limited to its representation on the council.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

In fiscal year 1999, the Bryan City School District contributed a total of \$866,680 for all three plans. 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 District participates in a group rating plan for worker's compensation as established under §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 Education Council (NBEC) as a group purchasing pool.

The WCGRP's business and affairs are conducted by a three member board of directors consisting of two Assembly representatives for each of the counties of Defiance, Fulton, Henry, and Williams and the representative of the member serving as fiscal agent for NBEC. The Executive Director of the Council shall coordinate the management and administration of the program. During the fiscal year ending June 30, 1999, the District paid an enrollment fee of \$1,653 to the WCGRP to cover the costs of administering the program.

NOTE 14 - SET-ASIDE CALCULATIONS AND FUND RESERVES

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The District is also required to set aside money for budget stabilization.

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

	Textbooks	Capital Acquisition	Budget Stabilization	Totals
Set-aside Cash Balance as of June 30, 1998	\$ 0	\$ 0	\$ 48,355	
Current Year Set-aside Requirement	195,980	195,980	97,990	
Current Year Offsets	(33,657)			
Qualifying Disbursements	(162,323)	(195,980)		
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 146,345</u>	
Cash Balance Carried Forward to FY 1999	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 146,345</u>	
Amount restricted for Budget Stabilization				\$ 146,345
Total Restricted Assets				<u>\$ 146,345</u>

NOTE 15 - SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in that system. Declared

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 1999, the District received \$3,898,226 of school foundation support for its general fund.

Since the Supreme Court Ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws, and in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in the Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

NOTE 16 - YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may affect the government's operations.

The District has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and Information System (EMIS)). The District has seven school buildings with heating systems.

The District contracts with the Northwest Ohio Computer Association (NWOCA), an external service organizations, for its financial operations including financial reporting, payroll and employee benefits, and educational statistics reporting systems. NWOCA is responsible for remediating these systems.

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" payments. Further, the State processes a significant amount of financial and nonfinancial information about the District through EMIS. The State is responsible for remediating these systems.

To the best of management's knowledge and belief, as of January 21, 2000, the District experienced no interruptions of operation or serviced related to the Year 2000. However, because of the unprecedented nature of the Year 2000 issue, matters may yet arise, and the parties with whom the District does business may also experience Year 2000 readiness issues that are as yet, unknown.

NOTE 17 - ACCOUNTABILITY AND COMPLIANCE

1. At June 30, 1999, the Title I Fund had a deficit fund balance of \$22,372. This deficit balance was created by the application of generally accepted accounting principles.
2. Expenditures were not properly certified as required by Ohio Rev. Code Section 5705.41(D).

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution Program		10.550	\$ 0	\$ 54,441	\$ 0	\$ 54,752
National School Lunch Program	043679 04-PU 99	10.555	106,421		106,421	
Total United States Department of Agriculture - Nutrition Cluster			106,421	54,441	106,421	54,752
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
Special Education Grants to States (IDEA Part B)	043679 6B-SF 98P 043679 6B-SF 99P	84.027	101,808		17,842 82,012	
Total Special Education Grants to States			101,808	0	99,854	0
Grants to Local Educational Agencies (ESEA Title 1)	043679-C1-S1-98 043679-C1-S1-99	84.010	98,843		59,421 96,794	
Total Grants to Local Educational Agencies			98,843	0	156,215	0
Innovative Educational Program Strategies	043679-C2-S1-98 043679-C2-S1-99	84.298	9,172		402 8,840	
Total Innovative Educational Program Strategies			9,172	0	9,242	0
Drug-Free Schools Grant	043679-DR-S1-98 043679-DR-S1-99	84.186	12,025		2,362 9,203	
Total Drug-Free Schools Grant			12,025	0	11,565	0
State Improvement Grant	043679 ST-S1-99	84.323	50,000			
Total United States Department of Education			271,848	0	276,876	0
Totals			\$ 378,269	\$ 54,441	\$ 383,297	\$ 54,752

The accompanying notes are an integral part of this schedule.

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 1999**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Bryan City School District
Williams County
120 South Beech Street
Bryan, Ohio 43506-1601

To the Board of Education:

We have audited the financial statements of Bryan City School District, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated January 21, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-10186-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated January 21, 2000.

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 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 operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 21, 2000.

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

Jim Petro
Auditor of State

January 21, 2000



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Bryan City School District
Williams County
120 South Beech Street
Bryan, Ohio 43506-1601

To the Board of Education:

Compliance

We have audited the compliance of Bryan City School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

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

Jim Petro
Auditor of State

January 21, 2000

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 1999**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 1999-10186-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) provides no order or contracts involving the expenditures of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection of the credit of an appropriate fund free from any previous encumbrances. The following exceptions to this basic requirement are provided by statute:

- A. The fiscal officer can certify that both at the time that the contract or order was made and at the time that the fiscal officer is completing the certificate, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- B. Amounts of less than one thousand dollars may be paid by the fiscal officer without affirmation of the Board of Education upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful.

Thirteen percent of the transactions tested did not include prior certification of the Treasurer, nor was there evidence of a “then and now” certificate being used by the Treasurer for these transactions. We recommend the District certify the availability of funds prior to the cash expenditure.

3. FINDINGS FOR FEDERAL AWARDS

None.



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BRYAN CITY SCHOOL DISTRICT

WILLIAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 8, 2000**