

**STRYKER LOCAL SCHOOL DISTRICT**

**WILLIAMS COUNTY**

**FINANCIAL STATEMENTS**

*Year Ended June 30, 2001*





**Auditor of State  
Betty Montgomery**

Board of Education  
Stryker Local School District  
Stryker, OH 43557

We have reviewed the Independent Auditor's Reports of the Stryker Local School District, Williams County, prepared by Steyer & Co., for the audit period July 1, 2000 through June 30, 2001. 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 3, 2003

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**STRYKER LOCAL SCHOOL DISTRICT  
400 SOUTH DEFIANCE STREET  
STRYKER, OHIO 43557**

**WILLIAMS COUNTY**

**ELECTED OFFICIALS  
AS OF JUNE 30, 2001**

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
<b>Board of Education</b>					
Bruce E. Rosebrock	President	01/01/98 - 12/31/01	(A)	\$20,000	06/24/99 -continuous
John R. Kurivial	Vice- President	01/01/98 - 12/31/01			
Stephen D. Myers	Member	01/01/98 - 12/31/01			
Diane E. Wyse	Member	01/01/00 - 12/31/03			
Dennis W. Sullivan	Member	01/01/00 - 12/31/03			

**Statutory Legal Counsel**

William A. Bish, County Prosecuting Attorney  
1210 West High Street  
Bryan, Ohio 43506

(A) Ohio Casualty Insurance Company

**STRYKER LOCAL SCHOOL DISTRICT  
400 SOUTH DEFIANCE STREET  
STRYKER, OHIO 43557**

**WILLIAMS COUNTY**

**ADMINISTRATIVE PERSONNEL  
AS OF JUNE 30, 2001**

<u>TITLE</u>	<u>CONTRACT PERIOD</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
<b>Superintendent</b>				
Charles Koch	08/01/00 – 07/31/01	(A)	\$20,000	06/24/99 - Indefinite
<b>Treasurer</b>				
Eric K. Beavers	10/09/00 – 12/31/02	(B)	\$50,000	10/09/00 - 12/31/02
<b>Assistant Treasurer</b>				
Janet M. Franks	Continuing	(A)	\$2,000	01/01/90 - Indefinite
<b>Cashier</b>				
Judith Frank	Continuing	(A)	\$5,000	08/29/83 - Indefinite

(A) Ohio Casualty Insurance Company  
(B) Ohio Farmers Insurance Company

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**INDEX OF FUNDS**

**GOVERNMENTAL FUND TYPES:**

**General Fund Type:**

General Fund

**Special Revenue Fund Type:**

District Managed Student Activity Fund(s)  
Education Management Information System Fund (EMIS)  
Professional Development Grant Fund  
Title VI-B, Special Education: Assistance to States for  
Education of Handicapped Children Fund  
Title I – Financial Assistance to Meet Special Education Needs  
of Disadvantaged Children Fund  
Drug Free School Grant Fund  
Eisenhower Grant  
Textbook Subsidy  
School to Work Grant  
Principal's Funds  
E-rate Telecommunications Grant  
Summer Intervention Program Grant  
Safe School Helpline Grant

**Debt Service Fund Type:**

Bond Retirement Fund

**Capital Projects Fund Type:**

Permanent Improvements Fund  
School Net Plus

**PROPRIETARY FUND TYPES:**

**Enterprise Fund Type:**

Food Service Fund  
Uniform School Supplies Fund

**FIDUCIARY FUND TYPES:**

**Trust and Agency Fund Types:**

**Expendable Trust Funds:**

Special Trust Fund

**Agency Funds:**

Student Managed Activity Fund(s)

**ACCOUNT GROUPS:**

**General Fixed Assets  
General Long-Term Obligations**

**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, 2001, 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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, 2001, and the results of its operations and cash flows of its proprietary fund types 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 July 17, 2002 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  
July 17, 2002

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
AS OF JUNE 30, 2001**

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES	FIDUCIARY FUND TYPES	ACCOUNT GROUP		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-term Obligations	
<b>ASSETS AND OTHER DEBITS</b>									
Equity in pooled cash and cash equivalents	\$ 920,158	\$57,279	\$ 65,626	\$179,226	\$ 11,946	\$ 12,090	\$ -	\$ -	\$ 1,246,325
Cash and cash equivalents with fiscal agent	-	-	-	-	-	-	-	-	-
Receivables									
Taxes	1,120,148	-	-	42,046	-	-	-	-	1,162,194
Accounts receivable	9,970	367	-	-	-	-	-	-	10,337
Due from other governments	186,819	-	-	-	-	-	-	-	186,819
Due from other funds	28,023	-	100,935	-	-	-	-	-	128,958
Materials and supplies inventory	2,588	-	-	-	5,242	-	-	-	7,830
Fixed assets (net, where applicable, of accumulated depreciation)	-	-	-	-	22,488	-	5,695,350	-	5,717,838
Amount available in debt service fund	-	-	-	-	-	-	-	166,561	166,561
Amount to be provided for retirement of general long-term obligations	-	-	-	-	-	-	-	470,500	470,500
Total Assets and Other Debits	<u>\$2,267,706</u>	<u>\$57,646</u>	<u>\$166,561</u>	<u>\$221,272</u>	<u>\$ 39,676</u>	<u>\$ 12,090</u>	<u>\$5,695,350</u>	<u>\$ 637,061</u>	<u>\$ 9,097,362</u>

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES	FIDUCIARY FUND TYPES	ACCOUNT GROUP		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-term Obligations	
<b>LIABILITIES</b>									
Accounts payable	\$ 8,211	\$ 6,429	\$ -	\$ -	\$ 60	\$ 877	\$ -	\$ -	\$ 15,577
Accrued salaries and benefits	266,248	6,277	-	-	5,883	-	-	-	278,408
Due to other governments	55,005	1,790	-	-	1,240	-	-	5,755	63,790
Due to other funds	-	329	-	100,934	27,694	-	-	-	128,957
Deferred revenue	1,034,811	-	-	42,046	-	-	-	-	1,076,857
Due to students	-	-	-	-	-	11,014	-	-	11,014
Compensated absences payable	8,003	-	-	-	5,711	-	-	339,946	353,660
Notes payable	-	-	-	-	-	-	-	211,360	211,360
General obligation bonds payable	-	-	-	-	-	-	-	80,000	80,000
Total Liabilities	<u>1,372,278</u>	<u>14,825</u>	<u>-</u>	<u>142,980</u>	<u>40,588</u>	<u>11,891</u>	<u>-</u>	<u>637,061</u>	<u>2,219,623</u>
<b>FUND EQUITY AND OTHER CREDITS</b>									
Investment in general fixed assets	-	-	-	-	-	-	5,695,350	-	5,695,350
Retained earnings	-	-	-	-	(912)	-	-	-	(912)
Fund balances:									
Reserved for encumbrances	108,299	8,369	-	24,920	-	-	-	-	141,588
Reserved for inventory	2,588	-	-	-	-	-	-	-	2,588
Reserve for budget stabilization	81,729	-	-	-	-	-	-	-	81,729
Reserved for property taxes advances available	85,337	-	-	-	-	-	-	-	85,337
Unreserved: Undesignated	<u>617,475</u>	<u>34,452</u>	<u>166,561</u>	<u>53,372</u>	<u>-</u>	<u>199</u>	<u>-</u>	<u>-</u>	<u>872,059</u>
Total Fund Equity and Other Credits	<u>895,428</u>	<u>42,821</u>	<u>166,561</u>	<u>78,292</u>	<u>(912)</u>	<u>199</u>	<u>5,695,350</u>	<u>-</u>	<u>6,877,739</u>
Total Liabilities and Fund Equity	<u>\$2,267,706</u>	<u>\$57,646</u>	<u>\$166,561</u>	<u>\$221,272</u>	<u>\$ 39,676</u>	<u>\$ 12,090</u>	<u>\$5,695,350</u>	<u>\$ 637,061</u>	<u>\$ 9,097,362</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 FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>GOVERNMENTAL FUND TYPES</u>				<u>FIDUCIARY FUND TYPES</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>REVENUES</b>						
Taxes	\$ 1,762,003	\$ -	\$ -	\$ 21,737	\$ -	\$ 1,783,740
Intergovernmental	1,641,811	194,265	-	39,402	-	1,875,478
Earnings on investments	72,187	203	-	-	-	72,390
Extracurricular activities	-	72,203	-	-	-	72,203
Miscellaneous	<u>25,852</u>	<u>5,809</u>	<u>-</u>	<u>-</u>	<u>1,350</u>	<u>33,011</u>
Total revenues	3,501,853	272,480	-	61,139	1,350	3,836,822
<b>EXPENDITURES</b>						
Instruction:						
Regular	1,778,328	73,109	-	-	-	1,851,437
Special	220,516	34,911	-	-	-	255,427
Other	-	-	-	-	1,335	1,335
Support services:						
Pupils	75,246	64,975	-	-	-	140,221
Instructional staff	124,886	5,460	-	34,402	-	164,748
Board of education	12,612	-	-	-	-	12,612
Administration	314,456	1,650	-	-	-	316,106
Fiscal services	189,593	3,157	-	508	-	193,258
Business services	6,504	-	-	-	-	6,504
Operation and maintenance of plant	364,292	-	-	26,586	-	390,878

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Pupil transportation	92,684	-	-	-	-	92,684
Central services	96	8,407	-	-	-	8,503
Extracurricular activities	74,515	76,263	-	-	-	150,778
Debt Service						
Principal retirement	10,582	-	80,000	-	-	90,582
Interest and fiscal charges	<u>11,889</u>	<u>-</u>	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>19,389</u>
Total expenditures	<u>3,276,199</u>	<u>267,932</u>	<u>87,500</u>	<u>61,496</u>	<u>1,335</u>	<u>3,694,462</u>
Excess (deficiency) of revenues over (under) expenditures	225,654	4,548	(87,500)	(357)	15	142,360
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers - in	26,905	-	-	-	-	26,905
Operating transfers - out	(26,905)	-	-	-	-	(26,905)
Other miscellaneous sources (uses) of funds	<u>42,850</u>	<u>623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,473</u>
Total other financing sources (uses)	<u>42,850</u>	<u>623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,473</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	268,504	5,171	(87,500)	(357)	15	185,833
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>626,924</u>	<u>37,650</u>	<u>254,061</u>	<u>78,649</u>	<u>184</u>	<u>997,468</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 895,428</u>	<u>\$ 42,821</u>	<u>\$ 166,561</u>	<u>\$ 78,292</u>	<u>\$ 199</u>	<u>\$ 1,183,301</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, 2001**

	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)
<b>REVENUES</b>									
Taxes	\$1,629,533	\$1,735,587	\$ 106,054	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,645,672	1,642,311	(3,361)	197,298	194,820	(2,478)	-	-	-
Tuition and fees	12,100	-	(12,100)	-	-	-	-	-	-
Earnings on investments	69,500	89,232	19,732	200	203	3	-	-	-
Extracurricular activities	-	-	-	81,752	72,203	(9,549)	-	-	-
Miscellaneous	<u>22,000</u>	<u>25,714</u>	<u>3,714</u>	<u>5,899</u>	<u>5,810</u>	<u>(89)</u>	-	-	-
Total revenues	3,378,805	3,492,844	114,039	285,149	273,036	(12,113)	-	-	-
<b>EXPENDITURES</b>									
Instruction:									
Regular	1,808,743	1,801,557	7,186	82,983	73,931	9,052	-	-	-
Special	234,334	233,423	911	27,686	27,686	-	-	-	-
Vocational	522	522	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Support services:									
Pupils	79,473	75,442	4,031	63,825	62,188	1,637	-	-	-
Instructional staff	143,859	128,575	15,284	15,462	9,097	6,365	-	-	-
Board of education	18,908	12,835	6,073	-	-	-	-	-	-
Administration	339,476	314,082	25,394	1,900	1,650	250	-	-	-
Fiscal services	200,818	186,294	14,524	4,178	3,148	1,030	2,500	-	2,500
Business services	6,550	6,503	47	-	-	-	-	-	-
Operation and maintenance of plant	414,496	387,844	26,652	-	-	-	-	-	-

	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	165,903	156,068	9,835	-	-	-	-	-	-
Central services	500	96	404	9,969	8,026	1,943	-	-	-
Extracurricular activities	80,151	71,955	8,196	93,808	82,328	11,480	-	-	-
Debt service	<u>22,471</u>	<u>22,471</u>	-	-	-	-	<u>87,500</u>	<u>87,500</u>	-
Total expenditures	<u>3,516,204</u>	<u>3,397,667</u>	<u>118,537</u>	<u>299,811</u>	<u>268,054</u>	<u>31,757</u>	<u>90,000</u>	<u>87,500</u>	<u>2,500</u>
Excess (deficiency) of revenue over (under) expenditures	(137,399)	95,177	232,576	(14,662)	4,982	19,644	(90,000)	(87,500)	2,500
<b>OTHER FINANCING SOURCES (USES)</b>									
Sale and loss of assets	50	210	160	-	-	-	-	-	-
Transfers - (out) in	(8,095)	-	8,095	-	-	-	-	-	-
Advances - (out) in	(23,000)	12,000	35,000	(12,000)	(12,000)	-	-	-	-
Other sources (uses)	<u>27,019</u>	<u>41,412</u>	<u>14,393</u>	<u>623</u>	<u>623</u>	-	-	-	-
Total other financing sources (uses)	<u>(4,026)</u>	<u>53,622</u>	<u>57,648</u>	<u>(11,377)</u>	<u>(11,377)</u>	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(141,425)	148,799	290,224	(26,039)	(6,395)	19,644	(90,000)	(87,500)	2,500
Fund balance beginning of year	278,713	498,869	220,156	3,345	20,911	17,566	152,738	153,126	388
Prior year encumbrances appropriated	<u>376,135</u>	<u>155,980</u>	<u>(220,155)</u>	<u>45,533</u>	<u>27,966</u>	<u>(17,567)</u>	<u>388</u>	-	<u>(388)</u>
Fund balance end of year	<u>\$ 513,423</u>	<u>\$ 803,648</u>	<u>\$ 290,225</u>	<u>\$22,839</u>	<u>\$42,482</u>	<u>\$ 19,643</u>	<u>\$ 63,126</u>	<u>\$ 65,626</u>	<u>\$ 2,500</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, 2001**

	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)
<b>REVENUES</b>									
Taxes	\$ 21,737	\$ 21,737	\$ -	\$ -	\$ -	\$ -	\$1,651,270	\$1,757,324	\$ 106,054
Intergovernmental	39,402	39,402	-	-	-	-	1,882,372	1,876,533	(5,839)
Tuition and fees	-	-	-	-	-	-	12,100	-	(12,100)
Earnings on investments	-	-	-	-	-	-	69,700	89,435	19,735
Extracurricular activities	-	-	-	-	-	-	81,752	72,203	(9,549)
Miscellaneous	-	-	-	1,300	1,350	50	29,199	32,874	3,675
Total revenues	61,139	61,139	-	1,300	1,350	50	3,726,393	3,828,369	101,976
<b>EXPENDITURES</b>									
Instruction:									
Regular	-	-	-	-	-	-	1,891,726	1,875,488	16,238
Special	-	-	-	-	-	-	262,020	261,109	911
Vocational	-	-	-	-	-	-	522	522	-
Other	-	-	-	1,350	1,335	15	1,350	1,335	15
Support services:									
Pupils	-	-	-	-	-	-	143,298	137,630	5,668
Instructional staff	34,402	34,402	-	-	-	-	193,723	172,074	21,649
Board of education	-	-	-	-	-	-	18,908	12,835	6,073
Administration	-	-	-	-	-	-	341,376	315,732	25,644
Fiscal services	575	508	67	-	-	-	208,071	189,950	18,121
Business services	-	-	-	-	-	-	6,550	6,503	47
Operation and maintenance of plant	200,746	51,507	149,239	-	-	-	615,242	439,351	175,891

	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	-	-	-	-	-	-	165,903	156,068	9,835
Central services	-	-	-	-	-	-	10,469	8,122	2,347
Extracurricular activities	-	-	-	-	-	-	173,959	154,283	19,676
Debt service	-	-	-	-	-	-	109,971	109,971	-
Total expenditures	<u>235,723</u>	<u>86,417</u>	<u>149,306</u>	<u>1,350</u>	<u>1,335</u>	<u>15</u>	<u>4,143,088</u>	<u>3,840,973</u>	<u>302,115</u>
Excess (deficiency) of revenue over (under) expenditures	(174,584)	(25,278)	149,306	(50)	15	65	(416,695)	(12,604)	404,091
<b>OTHER FINANCING SOURCES (USES)</b>									
Sale and loss of assets	-	-	-	-	-	-	50	210	160
Transfers - (out) in	-	-	-	-	-	-	(8,095)	-	8,095
Advances - (out) in	-	-	-	-	-	-	(35,000)	-	35,000
Other sources (uses)	-	-	-	-	-	-	27,642	42,035	14,393
Total other financing sources (uses)	-	-	-	-	-	-	(15,403)	42,245	57,648
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(174,584)	(25,278)	149,306	(50)	15	65	(432,098)	29,641	461,739
Fund balance beginning of year	-	157,798	157,798	184	184	-	434,980	830,888	395,908
Prior year encumbrances appropriated	<u>179,584</u>	<u>21,785</u>	<u>(157,799)</u>	-	-	-	<u>601,640</u>	<u>205,731</u>	<u>(395,909)</u>
Fund balance end of year	<u>\$ 5,000</u>	<u>\$154,305</u>	<u>\$ 149,305</u>	<u>\$ 134</u>	<u>\$ 199</u>	<u>\$ 65</u>	<u>\$ 604,522</u>	<u>\$1,066,260</u>	<u>\$ 461,738</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/FUND BALANCE  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>PROPRIETARY FUND TYPES</u> Enterprise Funds
<b>OPERATING REVENUES</b>	
Charges for services	\$ 84,476
Classroom materials and fees	21,090
Total operating revenues	<u>105,566</u>
<b>OPERATING EXPENSES</b>	
Salaries and wages	49,394
Fringe benefits	11,627
Materials and supplies	84,248
Depreciation	300
Other operating expenses	273
Total operating expenses	<u>145,842</u>
<b>OPERATING LOSS</b>	(40,276)
<b>NON-OPERATING REVENUE</b>	
Intergovernmental	25,097
Donated commodities	14,856
Earnings on investments	370
Total non-operating revenue	<u>40,323</u>
<b>NET INCOME</b>	47
<b>RETAINED EARNINGS, BEGINNING OF YEAR</b>	<u>(959)</u>
<b>RETAINED EARNINGS, END OF YEAR</b>	<u><u>\$ (912)</u></u>

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

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY  
COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>PROPRIETARY FUND TYPES</u> Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating loss	\$ (40,276)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	300
Loss on disposal of assets	1,497
Donated commodities	14,856
(Increase) decrease in assets:	
Accounts receivable	96
Materials and supplies	(1,492)
Decrease in liabilities:	
Accounts payable	(957)
Accrued wages and benefits	(2,314)
Due to other governments	(2,885)
Total adjustments	<u>9,101</u>
Net cash used in operating activities	<u>(31,175)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Purchase of fixed assets	(1,370)
Non-operating grants received	25,467
Net cash provided by operating activities	<u>24,097</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(7,078)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>19,024</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 11,946</u></u>

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

**STRYKER LOCAL SCHOOL DISTRICT**  
**WILLIAMS COUNTY**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
JUNE 30, 2001

**Note 1 - Description of the School District and Reporting Entity**

Stryker Local 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.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the School District's four instructional/support facilities staffed by 19 non-certified and 40 certified full time teaching personnel who provide services to 605 students and other community members.

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes for the organization. The School District has no component units.

The following organizations are not part of the District entity and are excluded from the accompanying financial statements:

Village of Stryker - The Village government is a separate politic and corporate body. A mayor and council are elected independent of any relationship with the Village and administer the provision of traditional Village services. Council acts as the taxing and budgetary authority for the services provided in the Village.

The School District is associated with organizations which are defined as jointly governed organizations and group purchasing pools. These organizations include the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County 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 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.

**STRYKER LOCAL SCHOOL DISTRICT**  
**WILLIAMS COUNTY**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
JUNE 30, 2001

***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.

***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.

**STRYKER LOCAL SCHOOL DISTRICT**  
**WILLIAMS COUNTY**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
JUNE 30, 2001

***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.

***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.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present 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. Under this 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.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: taxpayer assessed income tax, interest, tuition, grants, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2001, and delinquent property taxes whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001**

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

***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 object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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 2001. 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**  
**WILLIAMS COUNTY**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
JUNE 30, 2001

***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, function, and object level of expenditures, which are the legal levels 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. Any revisions that alter the total of any fund appropriations or alter total function appropriations within a fund, or alter object appropriations within functions, 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 2001, 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 2001. 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, 2001.

**STRYKER LOCAL SCHOOL DISTRICT**  
**WILLIAMS COUNTY**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
JUNE 30, 2001

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, Special Revenue Fund and Cafeteria fund during fiscal year 2001 amounted to \$72,187, \$203 and \$370 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.

Improvements are capitalized. 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.

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 fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001**

***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***

Title VIB - Flow Through  
Eisenhower Grant/Title II  
Title I  
Title VI  
Drug Free Schools  
Preschool  
Educational Management Information System  
Professional Development

***Capital Projects Funds***

School Net Plus

**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.

***J. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

**STRYKER LOCAL SCHOOL DISTRICT**  
**WILLIAMS COUNTY**  
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For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of 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.

***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 are established for property taxes, inventories of supplies and materials, prepaids, encumbrances and budget stabilization reserve. 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.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001**

***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 and the Combined Statement of Revenues,

Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual, All Proprietary Fund Types are 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.
6. Although not part of the appropriated budget, the Drug Free Schools Grant, Preschool Disabilities Grant, Eisenhower Grant and Title VI-B special revenue funds are included as part of the reporting entity when preparing financial statements that conform with GAAP.

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

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001**

**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>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	\$ 268,504	\$ 5,171	\$ (87,500)	\$ (357)	\$ 15
Change in receivables and other assets not recognized on budget basis – July 1 to June 30	(25,142)	(11,444)	-	-	-
Change in liabilities not recognized on budget basis – July 1 to June 30	21,947	14,676	-	-	-
Reserve for encumbrances – budgetary basis	(116,510)	(14,798)	-	(24,920)	-
Other	-	-	-	(1)	-
Budgetary Basis	<u>\$ 148,799</u>	<u>\$ (6,395)</u>	<u>\$ (87,500)</u>	<u>\$ (25,278)</u>	<u>\$ 15</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 2001, the School District had no investments.

At fiscal year end, the School District had \$3,300 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 \$1,246,325 and the bank balance was \$1,299,167. \$200,000 of the bank balance was covered by federal depository insurance. \$1,099,167 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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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
GASB Statement 9	\$ 1,246,325
Cash on Hand	(3,300)
GASB Statement 3	\$ 1,243,025

**Note 5 - Property Taxes**

Property taxes are levied and assessed on a calendar year basis. 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. The assessed values upon which the fiscal year 2001 taxes are based as follows:

	2000 Second-Half Collections		2001 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 33,932,340	69.64%	\$ 39,499,950	73.27%
Public Utility Personal	8,758,410	17.98%	8,711,980	16.16%
Tangible Personal Property	6,030,850	12.38%	5,699,290	10.57%
<b>Total</b>	<b>\$ 48,721,600</b>	<b>100.00%</b>	<b>\$ 53,911,220</b>	<b>100.00%</b>
Tax rate per \$1,000 of assessed valuation	\$ 39.00		\$ 43.20	

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.

The School District receives property taxes from Williams County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001. 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 amount available to the general fund as an advance at June 30, 2001 was \$85,337 and is recognized as revenue.

**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, 2001, the District recorded income tax revenue of \$481,765 in the General Fund, of which \$186,819 is recorded as a receivable at June 30, 2001.

**Note 7 - Receivables**

Receivables at June 30, 2001, 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:

	Amounts
General Fund:	
Taxes	\$ 1,120,148
Accounts	9,970
Income tax	186,819
Special Revenue Funds:	
Accounts	367
Capital Project Funds:	
Taxes	42,046
Total	\$ 1,359,350

**Note 8 - Fixed Assets**

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

	Balance at 6/30/00	Additions	Deductions	Balance at 6/30/01
Land and Land Improvements	\$ 187,875	\$ -	\$ -	\$ 187,875
Buildings	3,114,771	64,919	-	3,179,690
Furniture, fixtures and equipment	1,510,770	65,591	(35,661)	1,540,700
Textbooks and library books	787,085	-	-	787,085
Total	\$ 5,600,501	\$ 130,510	\$ (35,661)	\$ 5,695,350

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

	Balance at 6/30/00	Additions	Deductions	Balance at 6/30/01
Furniture, fixtures and equipment	\$ 108,008	\$ 1,370	\$ (1,496)	\$ 107,882
Accumulated depreciation	(85,094)	(300)	-	(85,394)
Total	\$ 22,914	\$ 1,070	\$ (1,496)	\$ 22,488

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**Note 9 - Risk Management**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2001, the School District contracted with The Nationwide Insurance Company for property and general liability insurance. There is a \$500 deductible with a ninety percent co-insurance clause. The Nationwide Insurance Company covers the boiler and machinery with a \$1,000 deductible and a \$10,000 limit.

Professional liability is protected by The Nationwide Insurance Company with a \$1,000,000 single occurrence limit and \$5,000,000 aggregate and no deductible. Vehicles are covered by Nationwide Insurance and hold a \$250 deductible for comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past five years. There have been no significant reductions in insurance coverage from last year.

***B. Workers' Compensation***

For fiscal year 2001, the School District participated in the Northern Buckeye Foundation Council's Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. 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 GRP. Each participant pays its workers' compensation premium to the State based on the rate for the performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. Loss Control Systems provides administrative, cost control and actuarial services to the GRP.

***C. Employee Medical Benefits***

As of June 30, 2001 the School District has contracted with the Northern Buckeye Education Council's Employee Insurance Benefits Program with R.E. Harrington Benefit Services as third party administrator to provide employee medical/surgical and dental benefits. Rates are set through an annual calculation process. The School District and employees share the cost of the monthly premium with the Board. For fiscal year 2001, the School District's and employees' premiums for certified staff were \$491 for family coverage and \$187 for single coverage per employee per month, respectively. For administrative and classified personnel the School District's and the employees' premiums were \$491 for family coverage and \$187 for single coverage per employee per month, respectively.

**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. State statute assigns the authority to establish and amend benefit provisions to the SERS Board of Trustees. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634, or by calling (614) 222-5853.

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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, 2001, 2000, and 1999 were \$55,619 (excluding surcharge amount), \$60,425 and \$65,539, respectively; 69.60 percent has been contributed for fiscal year 2001 and 100 percent has been contributed for fiscal year 2000 and 1999. \$16,900 representing the unpaid contribution for fiscal year 2001, 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. Benefits are established by chapter 3307 of the revised code. STRS Ohio 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 Ohio, 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; 12% 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, 2001, 2000, and 1999 were \$239,797 (excluding surcharge amount), \$233,999 and \$227,950, respectively; 82.50 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$41,880 represents the unpaid contribution for fiscal year 2001, and is recorded as a liability within the respective funds.

***C. Social Security System***

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

**Note 11 - Postemployment Benefits**

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System of Ohio, and to retired non-certified employees and their dependents through the School Employees Retirement System.

***A. State Teachers Retirement System of Ohio (STRS Ohio)***

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

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The R.C. grants authority to STRS Ohio to provide health care coverage to benefit recipients, spouses, and dependents. By Ohio law, the cost of the coverage paid from STRS Ohio fund shall be included in the employer contribution rate, currently 14% of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Reserve Fund from which health care benefits are paid. For the fiscal year ended June 30, 2000, the board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 million at June 30, 2000. The Health Care Reserve Fund allocation for the year ended June 30, 2001, and after, will be 4.5% of covered payroll. (June 30, 2000 is the latest date for which information is available.)

***B. School Employees Retirement System (SERS)***

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% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2000, the allocation rate was 8.45%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2000, the minimum pay was established as \$12,400. The surcharge rate, added to the unallocated portion of the 14% 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 150% of annual health care expenses. Expenses for health care at June 30, 2000 were \$140,696,340 and the target level was \$211.0 million.

At June 30, 2000, the Retirement System's net assets available for payment of health care benefits was \$252.3 million, at cost. The number of participants currently receiving health care benefits is approximately 50,000 statewide. (June 30, 2000 is the latest date for which information is available.)

The District's actual contributions for the 2001 fiscal year were \$37,552.

**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.

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.

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At June 30, 2001 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 \$8,003 and \$339,946 respectively. The liability for compensated absences in the proprietary funds at June 30, 2001 was \$5,711.

***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, 2001, the following changes occurred in obligations reported in the General Long-Term Obligations Account Group:

	Balance at June 30, 2000	Additions	Reductions	Balance at June 30, 2001
Notes payable	\$ 221,942	\$ -	\$ (10,582)	\$ 211,360
General obligation bonds	160,000	-	(80,000)	80,000
Compensated absences payable	372,735	-	(32,789)	339,946
SERS and SERS surcharge	24,571	-	(18,816)	5,755
Total	<u>\$ 779,248</u>	<u>\$ -</u>	<u>\$ (142,187)</u>	<u>\$ 637,061</u>

Debt outstanding at June 30, 2001 consisted of general obligation bonds totaling \$80,000 (interest rate 6.25% at June 30, 2001). The bonds were issued in September 1978 and will mature in December 2001. Also included is a school improvement note totaling \$211,360 (interest rate 5.4% at June 30, 2001). 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, 2001 was \$19,389.

The scheduled payments of principal and interest on debt outstanding at June 30, 2001 are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2002	\$ 91,176	\$ 13,795	\$ 104,971
2003	11,803	10,668	22,471
2004	12,439	10,032	22,471
2005	13,039	9,625	22,664
2006	13,757	8,975	22,732
2007-2011	81,892	31,769	113,661
2012-2015	67,254	6,627	73,881
Total	<u>\$ 291,360</u>	<u>\$ 91,491</u>	<u>\$ 382,851</u>

**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, 2001 was as follows:

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	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$ 84,476	\$ 21,090	\$ 105,566
Depreciation Expense	300	-	300
Operating Income (Loss)	(24,402)	(1,018)	(25,420)
Operating Grants	25,467	-	25,467
Donated Commodities	14,826	-	14,856
Net Income (Loss)	1,065	(1,018)	47
Net working capital	(19,916)	(3,484)	(23,400)
Total Assets	38,682	994	39,676
Total Equity (deficit)	2,572	(3,484)	(912)

**Note 15 - Jointly Governed Organizations**

***A. Northwest Ohio Computer Association***

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

The NWOCA Assembly consists of a 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. 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 (the Council) was established in 1979 to foster cooperation among school districts located in Defiance, Fulton, Henry, and Williams 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. 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 Treasurer, at Route 1, Box 245A, Archbold, Ohio 43502.

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**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 included 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 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.

In fiscal year 2001, the Stryker Local School District contributed a total for all four plans \$260,313 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 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 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. 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, 2001.

***B. Litigation***

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

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**C. State School Funding Decision**

On September 6, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now reconsideration by the Court.

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

**Note 18 - Interfund Transactions**

Interfund balances at June 30, 2001 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	\$ 128,958	\$ 128,958

**Note 19 - Agency Funds**

	Combined Statement of Changes in Assets and Liabilities			Balance at June 30, 2001
	Balance at July 1, 2000	Additions	Deductions	
Cash	\$ 12,393	\$ 25,313	\$ 26,692	\$ 11,014
Total assets	\$ 12,393	\$ 25,313	\$ 26,692	\$ 11,014
Other liabilities	\$ 12,393	\$ 25,313	\$ 26,692	\$ 11,014
Total liabilities	\$ 12,393	\$ 25,313	\$ 26,692	\$ 11,014

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**Note 20 – Statutory Reserves**

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2001, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Set-aside Cash Balance, June 30, 2000	\$ -	\$ -	\$ 68,134	\$ 68,134
Current Year Set-Aside Requirement	80,714	80,714	26,905	188,333
Current Year Offsets	-	-	-	-
Qualifying Disbursements	(67,119)	(117,278)	(26,905)	(211,302)
Total	<u>\$ 13,595</u>	<u>\$ (36,564)</u>	<u>\$ 68,134</u>	<u>\$ 45,165</u>
Cash Balance Carried Forward to FY 2001	<u>\$ 13,595</u>	<u>\$ -</u>	<u>\$ 68,134</u>	
Total Restricted Assets				<u>\$ 81,729</u>

Although the school district had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set aside requirements for future years. Negative amounts are therefore not presented as being carried forward to next fiscal year.

**Note 21 – Retained Earnings/Fund Balance Deficits**

The following fund had a deficit retained earnings balance at June 30, 2001.

Enterprise Fund	<u>Deficit Retained Earnings</u> <u>\$ (912)</u>
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# STEYER & CO.

*Certified Public Accountants*

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DEFIANCE, OHIO 43512  
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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, 2001, and have issued our report thereon dated July 17, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of American 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 July 17, 2002.

### 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 general purpose 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 July 17, 2002.

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 the these specified parties.



STEYER & CO.

Defiance, Ohio  
July 17, 2002

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**GENERAL COMMENTS**

The audit report, was reviewed with and acknowledged by the following officials December 20, 2002.

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 SCHOOL DISTRICT**

**WILLIAMS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 13, 2003**