



**Mary Taylor, CPA**  
Auditor of State



**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bryan City School District, Williams County, Ohio (the District), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Ohio Administrative Code § 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bryan City School District, Williams County, Ohio, as of June 30, 2007, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended June 30, 2007, the District revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Mary Taylor, CPA**  
Auditor of State

December 4, 2007

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007  
Unaudited**

The discussion and analysis of the financial performance of Bryan City School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2007 are as follows:

- In total, net assets increased \$1,149,002.
- General revenues accounted for \$17,026,321, or 82 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,641,010 or 18 percent of total revenues of \$20,667,331.
- The District's major funds included the General fund and the Permanent Improvement fund. The General fund had \$17,074,692 in revenues and other financing sources and \$15,996,616 in expenditures. The General fund's balance increased \$1,078,076 from the prior fiscal year. The Permanent Improvement fund had \$1,348,241 in revenues and \$1,027,737 in expenditures. The Permanent Improvement fund's balance increased \$320,504 from the prior fiscal year.
- The revenue generated from the Debt Service fund is used to pay for the current portion of bonded debt.

**Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole or as an entire operating entity.

The statement of net assets and the statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column.

For the District, the General fund is by far the most significant fund. The General fund and the Permanent Improvement fund are the two major funds.

**Reporting the District as a Whole**

**Statement of Net Assets and Statement of Activities**

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007  
Unaudited  
(Continued)**

The statement of net assets and the statement of activities, both reported on the cash basis, reflect how the District did financially during fiscal year 2007. These statements are reported on the cash basis of accounting, which reflects receipts and disbursements when cash is received or paid.

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the cash basis statement of net assets and statement of activities, the District discloses a single type of activity – governmental activities. All of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

**Reporting the District's Most Significant Funds**

**Fund Financial Statements**

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General fund and the Permanent Improvement fund. While the District uses many funds to account for its financial transactions, these are the most significant.

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the District's programs. These funds use the cash basis of accounting.

**The District as a Whole**

Table 1 provides a summary of the District's net assets for fiscal year 2007 compared to fiscal year 2006 on the cash basis.

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007  
Unaudited  
(Continued)**

**Table 1  
Net Assets  
Governmental Activities**

<u><b>Assets:</b></u>	<u><b>2007</b></u>	<u><b>2006</b></u>
Current and Other Assets	\$5,372,659	\$4,223,657
Total Assets	<u>5,372,659</u>	<u>4,223,657</u>
<u><b>Net Assets:</b></u>		
Restricted for Debt Service	339,168	611,194
Restricted for Capital Outlay	1,917,305	1,596,801
Restricted for Other Purposes	439,184	416,736
Unrestricted	<u>2,677,002</u>	<u>1,598,926</u>
Total	<u>\$5,372,659</u>	<u>\$4,223,657</u>

As mentioned previously, net assets of governmental activities increased \$1,149,002 or 27% during 2007. The primary reasons attributing to the increases is that the District started collecting income tax monies and it received additional personal property tax loss reimbursement monies while there was an overall decrease in expenditures primarily attributed to the elimination of several certified and classified positions.

Table 2 reflects the changes in net assets for fiscal year 2007. This is the first year of implementation of the OCBOA 34 reporting format. Comparative figures are not available for fiscal year 2007. A comparative analysis will be provided in future years when prior year information is available.

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007  
Unaudited  
(Continued)**

**Table 2  
Changes in Net Assets  
Governmental Activities**

<u>Revenues</u>	<b>2007</b>
Program Revenues:	
Charges for Services and Sales	\$2,045,027
Operating Grants and Contributions	1,582,535
Capital Grants and Contributions	13,448
Total Program Revenues	<u>3,641,010</u>
General Revenues:	
Property Taxes	9,435,348
Income Taxes	202,671
Grants and Entitlements Not Restricted	6,853,863
Gifts and Donations	70,093
Interest	312,238
Miscellaneous	141,923
Proceeds From the Sale of Capital Assets	6,500
Refund of Prior Year Expenditures	3,685
Total General Revenues	<u>17,026,321</u>
Total Revenues	<u>20,667,331</u>
<u>Expenses:</u>	
Instruction	11,122,876
Support Services:	
Pupils	930,381
Instructional Staff	1,454,185
Board of Education	18,439
Administration	1,353,591
Fiscal	470,266
Business	78,312
Operation and Maintenance of Plant	1,387,824
Pupil Transportation	612,615
Central	65,829
Non-Instructional	642,888
Extracurricular Activities	702,702
Capital Outlay	269,671
Principal	375,000
Interest and Fiscal Charges	33,750
Total Expenses	<u>19,518,329</u>
Increase in Net Assets	<u><u>\$1,149,002</u></u>

Program receipts account for 18 percent of total receipts and are represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007  
Unaudited  
(Continued)**

The major program disbursements for governmental activities are for instruction, which accounts for 57 percent of all governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 15 percent of governmental disbursements. Maintenance of the District's facilities also represents a significant disbursement of 7 percent. The remaining 21 percent of the District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

Governmental Activities

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

**Table 3  
Governmental Activities**

	<u>Total Cost</u>	<u>Net Cost</u>
	<u>of Services</u>	<u>of Services</u>
	<u>2007</u>	<u>2007</u>
Instruction	\$11,122,876	\$8,564,833
Support Services:		
Pupils	930,381	923,417
Instructional Staff	1,454,185	1,440,737
Board of Education	18,439	18,439
Administration	1,353,591	1,346,475
Fiscal	470,266	470,266
Business	78,312	78,312
Operation and Maintenance of Plant	1,387,824	1,371,709
Pupil Transportation	612,615	603,018
Central	65,829	50,829
Non-Instructional	642,888	31,676
Extracurricular Activities	702,702	299,187
Capital Outlay	269,671	269,671
Principal	375,000	375,000
Interest and Fiscal Charges	33,750	33,750
Total Expenses	<u>\$19,518,329</u>	<u>\$15,877,319</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 77 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 82 percent. The remaining 18 percent are derived from charges for services, operating grants and contributions, and capital grants and contributions.

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007  
Unaudited  
(Continued)**

**The District's Funds**

The District's governmental funds are accounted for using the cash basis of accounting. The District's major governmental funds are the General fund and the Permanent Improvement fund. Total governmental funds had revenues and other financing sources of \$20,667,331 and expenditures of \$19,518,329. The net change in fund balance in the General fund reflects an increase of \$1,078,076. This was primarily due to the following: (1) a 1 percent income tax levy that started January 1, 2007; (2) an increase in intergovernmental revenues greater than the decrease in property taxes; (3) one less pay period in 2007 than in 2006; and (4) elimination of sixteen teaching positions, one administrative position, and several custodian positions even though there was an increase in salary and health care costs.

**General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2007, the District amended its General fund budget as needed.

Final estimated resources exceeded original estimated resources by \$1,084,344 due to expected increases in income tax revenue, intergovernmental revenue, tuition and fees, and miscellaneous revenues.

Final expenditures and other financing uses were budgeted at \$16,459,698 while actual expenditures were \$16,085,189. The \$374,509 difference is primarily due to a conservative "worst case scenario" approach. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

**Capital Assets and Debt Administration**

**Capital Assets**

The District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The District's had capital outlay disbursements of \$269,671 during fiscal year 2007.

**Debt Administration**

At June 30, 2007, the District's long term obligations, which include general obligation bonds and capital leases, were \$636,078, down 40 percent from the end of fiscal year 2006. The bonds were issued for a twenty-year period, with final maturity on December 1, 2007. The bonds are being retired through the Bond Retirement Debt Service fund. The District obtained four separate capital leases for the acquisition of computer equipment. The leases were each issued for three years, with final maturity on January 6, 2008, July 5, 2008, June 16, 2009, and June 7, 2010.

At June 30, 2007, the District's overall legal debt margin was \$22,764,725, with an un-voted debt margin of \$257,108.

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

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007  
Unaudited  
(Continued)**

**Current Issues**

Bryan is a small rural community of 8,500 in Northwest Ohio. It has a number of small and medium businesses with agriculture having a contributing influence on the economy. The district's revenues have remained stagnant while operating costs continue to increase significantly. The citizens of the district passed a continuing one percent school district income tax levy on May 2, 2006. This new tax will become effective on January 1, 2007, and is expected to generate approximately \$2,700,000 per year based upon estimates received from the Ohio Department of Taxation.

The district is currently operating in the second year of the state biennium budget. 57 percent of district revenue sources are from local funds, 37 percent from state funds and the remaining 6 percent is from federal funds. The total expenditure per pupil was calculated at \$8,688.

In May 2002, the District passed a five-year emergency levy to generate \$1,910,000 annually. This levy provides a source of funds for the financial operations and stability of the district. However, future finances are not without challenges as our community changes and state funding is revised. Some of these challenges are in the future of state funding for schools in light of the DeRolph court case, the long term effects of public utility deregulation, and the elimination of tangible personal property tax on Ohio businesses.

**Contacting the District's Financial Management**

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

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Statement of Net Assets  
For the Fiscal Year Ended June 30, 2007**

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 5,372,659
<i>Total Assets</i>	<u>5,372,659</u>
<b>Net Assets</b>	
Restricted for Debt Service	339,168
Restricted for Capital Projects	1,917,305
Restricted for Other Purposes	439,184
Unrestricted	2,677,002
<i>Total Net Assets</i>	<u>\$ 5,372,659</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Statement of Activities  
For the Fiscal Year Ended June 30, 2007**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>					
Instruction:					
Regular	\$ 8,436,489	\$ 1,207,898	\$ 241,168		\$ (6,987,423)
Special	2,528,587		1,099,603		(1,428,984)
Vocational	82,569		8,052		(74,517)
Adult/Continuing	24,771	1,322			(23,449)
Other	50,460				(50,460)
Support Services:					
Pupils	930,381		6,964		(923,417)
Instructional Staff	1,454,185			\$ 13,448	(1,440,737)
Board of Education	18,439				(18,439)
Administration	1,353,591		7,116		(1,346,475)
Fiscal	470,266				(470,266)
Business	78,312				(78,312)
Operation and Maintenance of Plant	1,387,824	16,115			(1,371,709)
Pupil Transportation	612,615		9,597		(603,018)
Central	65,829		15,000		(50,829)
Operation of Non-Instructional Services	642,888	416,177	195,035		(31,676)
Extracurricular Activities	702,702	403,515			(299,187)
Capital Outlay	269,671				(269,671)
Debt Service:					
Principal	375,000				(375,000)
Interest and Fiscal Charges	33,750				(33,750)
<b>Totals</b>	<b>\$ 19,518,329</b>	<b>\$ 2,045,027</b>	<b>\$ 1,582,535</b>	<b>\$ 13,448</b>	<b>(15,877,319)</b>

**General Revenues:**

Taxes:	
Property Taxes, Levied for General Purposes	8,149,568
Property Taxes, Levied for Capital Projects	1,178,380
Property Taxes, Levied for Debt Service	107,400
Income Taxes	202,671
Grants and Entitlements not Restricted to Specific Programs	6,853,863
Gifts and Donations	70,093
Investment Earnings	312,238
Miscellaneous	141,923
Proceeds from Sales of Capital Assets	6,500
Refund of Prior Year Expenditures	3,685
<b>Total General Revenues</b>	<b>17,026,321</b>
<b>Change in Net Assets</b>	<b>1,149,002</b>
Net Assets Beginning of Year	4,223,657
<b>Net Assets End of Year</b>	<b>\$ 5,372,659</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Statement of Cash Basis Assets and Fund Cash Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2007**

	General Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 2,669,794	\$ 1,917,305	\$ 778,352	\$ 5,365,451
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	7,208			7,208
<i>Total Assets</i>	<u>2,677,002</u>	<u>1,917,305</u>	<u>778,352</u>	<u>5,372,659</u>
<b>Fund Balances</b>				
Reserved for:				
Encumbrances	88,573	283,616	58,056	430,245
Bus Purchases	7,208			7,208
Unreserved, Undesignated, Reported in:				
General Fund	2,581,221			2,581,221
Special Revenue Funds			381,128	381,128
Debt Service Funds			339,168	339,168
Capital Projects Funds		1,633,689		1,633,689
<i>Total Fund Balances</i>	<u>\$ 2,677,002</u>	<u>\$ 1,917,305</u>	<u>\$ 778,352</u>	<u>\$ 5,372,659</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Statement of Cash Basis Receipts, Disbursements, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2007**

	General Fund	Permanent Improvement Fund	All Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property and Other Local Taxes	\$ 8,149,568	\$ 1,178,380	\$ 107,400	\$ 9,435,348
Income Taxes	202,671			202,671
Intergovernmental	7,082,672	169,861	1,197,313	8,449,846
Interest	301,838		10,400	312,238
Tuition and Fees	1,114,442		93,456	1,207,898
Rent	16,115			16,115
Extracurricular Activities	35,438		369,399	404,837
Gifts and Donations	20,590		49,503	70,093
Customer Sales and Services			416,177	416,177
Miscellaneous	141,923			141,923
<i>Total Revenues</i>	<u>17,065,257</u>	<u>1,348,241</u>	<u>2,243,648</u>	<u>20,657,146</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	8,033,132	139,511	263,846	8,436,489
Special	1,807,120	1,496	719,971	2,528,587
Vocational	82,569			82,569
Adult/Continuing			24,771	24,771
Other	50,460			50,460
Support Services:				
Pupils	920,838		9,543	930,381
Instructional Staff	1,042,413	398,324	13,448	1,454,185
Board of Education	18,439			18,439
Administration	1,330,318	10,844	12,429	1,353,591
Fiscal	432,758	33,269	4,239	470,266
Business	78,312			78,312
Operation and Maintenance of Plant	1,311,680	70,792	5,352	1,387,824
Pupil Transportation	508,785	103,830		612,615
Central	57,862		7,967	65,829
Operation of Non-Instructional Services			642,888	642,888
Extracurricular Activities	321,930		380,772	702,702
Capital Outlay		269,671		269,671
Debt Service:				
Principal			375,000	375,000
Interest			33,750	33,750
<i>Total Expenditures</i>	<u>15,996,616</u>	<u>1,027,737</u>	<u>2,493,976</u>	<u>19,518,329</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,068,641</u>	<u>320,504</u>	<u>(250,328)</u>	<u>1,138,817</u>
<b>Other Financing Sources</b>				
Proceeds from Sale of Capital Assets	6,500			6,500
Refund of Prior Year Expenditures	2,935		750	3,685
<i>Total Other Financing Sources</i>	<u>9,435</u>		<u>750</u>	<u>10,185</u>
<i>Net Change in Fund Balances</i>	1,078,076	320,504	(249,578)	1,149,002
Fund Balance at Beginning of Year	1,598,926	1,596,801	1,027,930	4,223,657
<i>Fund Balance at End of Year</i>	<u>\$ 2,677,002</u>	<u>\$ 1,917,305</u>	<u>\$ 778,352</u>	<u>\$ 5,372,659</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Statement of Cash Basis Receipts, Cash Disbursements,  
and Changes in Fund Balances - (Budgetary Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>Revenues</b>				
Property and Other Local Taxes	\$ 7,510,000	\$ 8,148,000	\$ 8,149,568	\$ 1,568
Income Taxes	145,000	202,000	202,671	671
Intergovernmental	7,054,000	7,049,144	7,082,672	33,528
Interest	75,000	300,000	301,838	1,838
Tuition and Fees	1,009,000	1,078,000	1,114,442	36,442
Rent	21,000	15,300	16,115	815
Extracurricular Activities	25,000	35,000	35,438	438
Gifts and Donations	24,000	20,500	20,590	90
Miscellaneous	60,000	150,000	141,923	(8,077)
<i>Total Revenues</i>	<u>15,923,000</u>	<u>16,997,944</u>	<u>17,065,257</u>	<u>67,313</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	8,023,615	8,044,985	8,039,222	5,763
Special	1,695,337	1,823,190	1,808,059	15,131
Vocational	78,750	84,136	83,667	469
Other	86,020	69,516	58,008	11,508
Support Services:				
Pupils	941,825	947,490	922,776	24,714
Instructional Staff	1,037,929	1,089,004	1,043,808	45,196
Board of Education	21,420	22,247	19,058	3,189
Administration	1,416,492	1,381,464	1,341,112	40,352
Fiscal	445,101	442,071	433,984	8,087
Business	88,000	89,690	78,312	11,378
Operation and Maintenance of Plant	1,473,970	1,475,085	1,354,437	120,648
Pupil Transportation	534,276	552,539	522,873	29,666
Central	74,476	74,306	57,943	16,363
Extracurricular Activities	347,769	356,767	321,930	34,837
<i>Total Expenditures</i>	<u>16,264,980</u>	<u>16,452,490</u>	<u>16,085,189</u>	<u>367,301</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(341,980)</u>	<u>545,454</u>	<u>980,068</u>	<u>434,614</u>
<b>Other Financing Sources:</b>				
Transfers In	7,208	7,208		7,208
Proceeds from Sale of Capital Assets		6,500	6,500	
Refund of Prior Year Expenditures		2,900	2,935	35
Transfers Out		(7,208)		(7,208)
<i>Total Other Financing Sources</i>	<u>7,208</u>	<u>9,400</u>	<u>9,435</u>	<u>35</u>
<i>Net Change in Fund Balance</i>	(334,772)	554,854	989,503	434,649
<i>Fund Balance at Beginning of Year</i>	1,543,846	1,543,846	1,543,843	
Prior Year Encumbrances Appropriated	55,083	55,083	55,083	
<i>Fund Balance at End of Year</i>	<u>\$ 1,264,157</u>	<u>\$ 2,153,783</u>	<u>\$ 2,588,429</u>	<u>\$ 434,649</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Statement of Cash Basis Assets and Net Cash Assets  
Fiduciary Fund  
June 30, 2007**

	<u>Agency Fund</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 33,145
<i>Total Assets</i>	<u>\$ 33,145</u>
<b>Liabilities:</b>	
Undistributed Monies	\$ 33,145
<i>Total Liabilities</i>	<u>\$ 33,145</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Bryan City School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a city school district as defined by §3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's seven instructional/support facilities staffed by 91 non-certified and 172 certified full-time teaching personnel who provide services to 1,959 students and other community members.

**A. Primary Government**

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

**B. Component Units**

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

**C. Jointly Governed Organizations and Purchasing Pools**

The District is associated with organizations, which are defined as jointly governed organizations and group purchasing pools. These organizations include the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Northwest Ohio Special Education Regional Resource Center, the Northwest Ohio Professional Development Center, the Northwestern Ohio Educational Research Council, Inc., the Northern Buckeye Education Council's Employee Insurance Benefits Program, the Northern Buckeye Education Council Workers' Compensation Group Rating Plan, and the Ohio School Plan. These organizations are presented in Notes 18 and 19 to the basic financial statements.

The District's management believes these financial statements present all activities for which the District is financially accountable.

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the District's accounting policies.

**A. Basis of Presentation**

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the cash balance of the governmental activities of the District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a basis or draws from the District's general receipts.

**2. Fund Financial Statements**

During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, receipts or disbursements of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, receipts or disbursements of that individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are divided into two categories, governmental and fiduciary.

**1. Governmental Funds:**

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other non-exchange transactions as governmental funds. The General fund and the Permanent Improvement fund are the District's major governmental funds:

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

Permanent Improvement Fund - The Permanent Improvement fund is 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).

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

**2. Fiduciary Funds**

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

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**C. Basis of Accounting**

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

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

The budgetary process is prescribed by provision of the Ohio Revised Code and entails the preparation of budgetary documents within established timetable. All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the function level within the General fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the object level within the General Fund, and at the function and object level within all other funds are made by the District's Chief Fiscal Officer.

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

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

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

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

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

**E. Cash and Investments**

To improve cash management, cash received by the District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Interest in the pool is presented as “equity in pooled cash and cash equivalents” on the financial statements.

For presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

During fiscal year 2007, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on June 30, 2007.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2007 amounted to \$301,838, which includes \$163,598 assigned from other District funds.

**F. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted cash in the General fund includes amounts state statute requires to be set aside for bus purchases.

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**G. Inventory and Prepaid Items**

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**I. Compensated Absences**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

**J. Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**K. Long-term Obligations**

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

**L. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to cash disbursement for specified purposes. The District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available. There were no amounts restricted by enabling legislation.

**M. Fund Balance Reserves**

The District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and school buses.

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

The reserve for school buses represent money required to be set-aside by state statute for the purchase of school buses.

**N. Interfund Transactions**

Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

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

**3. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY**

**A. Change in Basis of Accounting**

For 2007, the District ceased to report using generally accepted accounting principles and reported on the cash basis as described in Note 2C.

**B. Restatement of Fund Equity**

The implementation of this change had the following effects on fund equity of the major and nonmajor funds of the District as they were previously reported. The effects on net assets of governmental activities are also presented.

	General	Permanent Improvement	Other Governmental Funds
Fund Balance June 30, 2006	\$513,741	\$1,511,215	\$934,752
Eliminate Asset Accruals	(684,428)	(51,828)	(51,396)
Eliminate Liability Accrual	1,769,613	137,414	144,574
Adjusted Fund Balance June 30, 2006	<u>\$1,598,926</u>	<u>\$1,596,801</u>	<u>\$1,027,930</u>

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**3. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY – (Continued)**

Governmental Activities Net Assets June 30, 2006	\$9,624,187
Eliminate Government-Wide Financial Statement Adjustments:	
Materials and Supplies Inventory	(20,423)
Accrued Interest Receivable	(5,570)
Accounts Receivable	(65,560)
Intergovernmental Receivable	(26,266)
Taxes Receivable	(9,160,282)
Capital Assets	(9,268,138)
Accounts Payable	200,565
Accrued Wages and Benefits	1,387,610
Intergovernmental Payable	378,261
Accrued Interest Payable	2,813
Matured Compensated Absences Payable	85,165
Deferred Revenue	8,011,236
Long Term Liabilities	<u>3,080,059</u>
Adjusted Governmental Activities Net Assets June 30, 2006	<u><u>\$4,223,657</u></u>

**4. COMPLIANCE**

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

**5. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

The General fund encumbrances outstanding at year end (budgetary basis) amounted to \$88,573.

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**6. DEPOSITS AND INVESTMENTS**

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

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

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

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

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made through eligible institutions; and
7. The State Treasurer's investment pool (STAR Ohio).
8. Commercial paper and bankers acceptances if training requirements have been met.

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**6. DEPOSITS AND INVESTMENTS – (Continued)**

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$4,076,658 of the District's bank balance of \$5,294,384 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of June 30, 2007, the District had \$295,136 invested in STAR Ohio.

Credit Risk - STAR Ohio carries a rating of AAAM by Standard and Poor's. The District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

**7. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis, while the District's fiscal year runs from July through June. First-half tax distributions are received by the District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year.

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**7. PROPERTY TAXES – (Continued)**

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2007 represent the collection of calendar year 2006 taxes. Real property taxes for 2007 were levied after April 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes for 2007 were levied after April 1, 2006, on the assessed values as of December 31, 2005, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2007 (other than public utility property) represent the collection of calendar year 2007 taxes. Tangible personal property taxes for 2007 were levied after April 1, 2006, on the value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Williams County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2007 taxes were collected are:

	<b>2006 Second- Half Collections</b>		<b>2007 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential	\$170,849,970	59%	\$190,447,940	62%
Industrial/Commercial	59,369,880	20%	63,035,140	21%
Public Utility	6,257,540	2%	5,915,320	2%
Tangible Personal	53,860,960	19%	45,994,910	15%
Total Assessed Value	<u>\$290,338,350</u>	<u>100%</u>	<u>\$305,393,310</u>	<u>100%</u>
Tax Rate per \$1,000 of assessed valuation	<u>\$53.90</u>		<u>\$53.45</u>	

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**8. SCHOOL INCOME TAX**

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

**9. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	<u>Balance at 6/30/2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/2007</u>
Governmental Activities:				
Land	\$631,711			\$631,711
Land Improvements	422,199	\$11,500		433,699
Buildings and Building Improvements	14,887,048	101,961		14,989,009
Furniture, Fixtures, and Equipment	2,753,416	208,693	\$57,852	2,904,257
Vehicles	1,061,625	188,295	51,317	1,198,603
Total Capital Assets:	<u>\$19,755,999</u>	<u>\$510,449</u>	<u>\$109,169</u>	<u>\$20,157,279</u>

**10. RISK MANAGEMENT**

**A. Comprehensive**

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

During fiscal year 2006, the District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The District pays this annual premium to the OSP (See Note 13). The District contracts for education general liability, employee benefits liability, employer's liability, stopgap, errors and omissions liability, and employment practices with OSP.

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**10. RISK MANAGEMENT – (Continued)**

Insurance coverage provided includes the following:

Education General Liability (\$0 Deductible):	
Bodily Injury and Property Damage Limit - Each Occurrence	\$1,000,000
Personal and Advertising Injury Limit – Each Offense	1,000,000
Loss of Electronic Data Limit – Each Incident	50,000
Fire Damage Limit – Any One Event	500,000
Medical Expense – Any One Person/Each Accident	10,000
General Aggregate Limit	3,000,000
Products – Completed Operations Limit	1,000,000
Employee Benefits Liability (\$0 Deductible):	
Each Offense	1,000,000
Aggregate Limit	3,000,000
Employer’s Liability and Stop Gap (\$0 Deductible):	
Each Occurrence	1,000,000
Disease – Each Employee	1,000,000
Educational Legal Liability (\$2,500 Deductible):	
Errors and Omissions – Per Occurrence	1,000,000
Errors and Omissions – Aggregate Limit	3,000,000
Employment Practices (\$2,500 Deductible):	
Each Occurrence	1,000,000
Aggregate Limit	3,000,000

Excess Liability Coverage

Education General Liability:	
Bodily Injury and Property Damage Limit - Each Occurrence	\$4,000,000
Personal and Advertising Injury Limit – Each Offense	4,000,000
General Aggregate Limit	4,000,000
Products – Completed Operations Limit	4,000,000
Employee Benefits Liability (\$0 Deductible):	
Each Offense	4,000,000
Aggregate Limit	4,000,000
Educational Legal Liability – Claims Made:	
Errors and Omissions Injury Limit	4,000,000
Errors and Omissions Injury Aggregate Limit	4,000,000

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

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**10. RISK MANAGEMENT – (Continued)**

**B. Employee Insurance Benefits Program**

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

**C. Workers' Compensation Group Program**

The District participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 19). The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

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

**11. DEFINED PENSION BENEFIT PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853, or by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**11. DEFINED PENSION BENEFIT PLANS – (Continued)**

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of the plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005, were \$239,765, \$236,250, and \$209,483 respectively; 61 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

**B. State Teachers Retirement System**

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling toll free (888) 227-7877, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

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

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

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**11. DEFINED PENSION BENEFIT PLANS – (Continued)**

For the fiscal year ended June 30, 2007, plan members are required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2006, the portion used to fund pension obligations was 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$1,388,178, \$1,462,666, and \$1,366,290 respectively; 86 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

**12. POSTEMPLOYMENT BENEFITS**

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

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Board allocated contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the District, this amount equaled \$106,793.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, (the latest information available) the balance in the Fund was \$3.5 billion. For the year ended June 30, 2006, net health care costs paid by STRS were \$282,743,000 and STRS has 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. This portion is based on years of service, Medicare eligibility, and retirement status.

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**12. POSTEMPLOYMENT BENEFITS – (Continued)**

After the allocation of basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, compared to 3.42 percent of covered payroll for fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$100,517.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next year. Expenses for health care at June 30, 2006, (the latest information available) were \$158,751,207. At June 30, 2006, SERS has net assets available for payment of health care benefits of \$295.6 million. SERS has 59,492 participants eligible to receive benefits.

**13. COMPENSATED ABSENCES**

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

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rata basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to thirty percent of the accumulated sick leave for all certificated and certain non-certificated employees up to a maximum of 76.5 days, and twenty-five percent of the accumulated sick leave for all other non-certificated employees, to a maximum of 40 days.

As of June 30, 2007, the liability for compensated absences was \$1,969,149 for the entire District.

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**14. LONG-TERM OBLIGATIONS**

Changes in long-term obligations of the District during fiscal year 2007 were as follows:

	<u>Balance at 06/30/06</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 06/30/07</u>	<u>Amounts Due in One Year</u>
General Obligation Bonds	\$ 750,000		\$ 375,000	\$ 375,000	\$ 375,000
Capital Leases	310,317	175,918	225,157	261,078	87,271
Total Long-Term Obligations	<u>\$ 1,060,317</u>	<u>\$ 175,918</u>	<u>\$ 600,157</u>	<u>\$ 636,078</u>	<u>\$ 462,271</u>

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

Total expenditures for interest for the above debt for the period ended June 30, 2007, was \$33,750.

The scheduled payments of principal and interest on debt outstanding at June 30, 2007 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	<u>\$ 375,000</u>	<u>\$ 11,250</u>	<u>\$ 386,250</u>

**15. CAPITALIZED LEASES - LESSEE DISCLOSURE**

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

The terms of the agreement provides an option to purchase the equipment. The lease meets the criteria of a capital lease as defined by Statement No. 13 of the Financial Accounting Standards Board (FASB), "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Fund Types. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by the leases have been capitalized in an amount equal to the present value of the future minimum lease payments as of the date of their inception. Principal payments in the 2007 fiscal year totaled \$225,157.

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**15. CAPITALIZED LEASES - LESSEE DISCLOSURE – (Continued)**

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2007:

<b>General Long Term Obligations</b>	
<u>Year Ending June 30,</u>	<u>Equipment</u>
2008	\$99,117
2009	139,272
2010	47,766
Total Future Minimum Lease Payments	286,155
Less: Amount Representing Interest	(25,077)
Present Value of Future Minimum Lease Payments	\$261,078

**16. SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

For fiscal year 2007, only the unspent portion of certain workers' compensation refunds is required to be set aside at fiscal year end.

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-Aside Cash Balance as of June 30, 2006	(\$176,264)		\$7,208	(\$169,056)
Current year Set-Aside Requirements	323,313	\$323,313		646,626
Current Year Offsets	(97,038)	(1,253,009)		(1,350,047)
Qualifying Disbursements	(216,442)			(216,442)
Total	(\$166,431)	(\$929,696)	\$7,208	(\$1,088,919)
Cash Balance Carried Forward to FY 2008	(\$166,431)		\$7,208	(\$159,223)

The District has qualifying cash disbursements during the fiscal year that reduced the textbooks set-aside amount to below zero. This amount may be used to reduce the set-aside requirement in future fiscal years.

The Board has specified that the budget stabilization set-aside will be utilized for school bus purchases as noted on the financial statements.

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**17. CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 District at June 30, 2007.

**B. Litigation**

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

**18. JOINTLY GOVERNED ORGANIZATIONS**

**A. Northwest Ohio Computer Association**

The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, and Williams counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Total disbursements made by the District to NWOCA during this fiscal year were \$63,739. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**B. Northern Buckeye Education Council**

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among various educational entities located in Defiance, Fulton, Henry, and Williams counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the four counties, in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. To obtain financial information, write to the Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**18. JOINTLY GOVERNED ORGANIZATIONS – (Continued)**

**C. Four County Career Center**

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

**D. Northwestern Ohio Educational Research Council, Inc.**

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

**E. Northwest Ohio Special Education Regional Resource Center**

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

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**18. JOINTLY GOVERNED ORGANIZATIONS – (Continued)**

**F. Northwest Ohio Regional Professional Development Center**

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

**19. INSURANCE POOLS**

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

The Northern Buckeye Education Council's Employee Insurance Benefits Program includes health, dental, life, and vision insurance plans. The health and dental plans are risk-sharing pools among approximately 30 members, and the life insurance plan is a group purchasing pool among 29 members. The purpose of the plans is for its members to pool funds or resources to purchase commercial insurance products and enhance the wellness opportunities for employees.

Each member pays a monthly premium amount, which is established annually by the Council, to the Treasurer to comply with the terms of any contract with any third-party claims administrator or insurance company. The insurance group is governed by a council consisting of two representatives from each of the four counties, in which the member school districts are located. The degree of control exercised by any participating member is limited to its representation on the council.

In fiscal year 2007, the District contributed a total of \$1,648,832 for all four plans. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

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

The District participates in a group-rating plan for workers' compensation as established under §4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council's Workers' Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Education Council (NBEC) as a group purchasing pool.

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**19. INSURANCE POOLS – (Continued)**

The WCGRP's business and affairs are conducted by a three member board of directors consisting of two Assembly representatives for each of the counties of Defiance, Fulton, Henry, and Williams and the representative of the member serving as fiscal agent for NBEC. The Executive Director of the Council shall coordinate the management and administration of the program. During this fiscal year, the District paid an enrollment fee of \$2,394 to WCGRP to cover the costs of administering the program.

**C. Ohio School Plan**

The District belongs to the Ohio School Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 400 Ohio schools ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator's legal liability, automobile and violence coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's specific deductible.

The Plan issues its own policies and reinsures the Plan with reinsurance carriers. Only if the Plan's paid liability loss ratio exceeds 65 percent and is less than 80 percent does the Plan contribute to paid claims. (See the Plan's audited financials statements on the website for more details.) The individual members are responsible for their self-retention (deductible) amounts, which vary from member to member.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005 (the latest information available):

	<u>2006</u>	<u>2005</u>
Assets	\$1,730,236	\$952,191
Liabilities	941,026	\$213,419
Members' Equity	789,210	738,772

You can read the complete audited financial statements for The Ohio School Plan at the Plan's website, [www.ohioschoolplan.org](http://www.ohioschoolplan.org).

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**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Schedule of Federal Awards Expenditures  
For the Year Ended June 30, 2007**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
<i>Passed Through Ohio Department of Education:</i>		
National School Lunch Program		10.555
Food Distribution Program		10.550
Total U.S. Department of Agriculture		
<b>U.S. DEPARTMENT OF EDUCATION</b>		
<i>Passed Through Ohio Department of Education:</i>		
<u>Special Education Cluster:</u>		
Special Education Grants to States	043679-6BSF-2006 043679-6BSF-2007	84.027
Total Special Education Grants to States		
Special Education Preschool Grants	043679-PGS1-2007	84.173
Total Special Education Cluster		
Title I Grants to Local Educational Agencies	043679-C1-S1-2006 043679-PG-S1-2007	84.010
Total Title I Grants to Local Educational Agencies		
State Grants to Innovative Programs	043679-C2S1-2007	84.298
Safe and Drug-Free Schools and Communities State Grants	043679-DRS1-2007	84.186
Education Technology State Grants	043679-TJS1-2007	84.318
Improving Teacher Quality State Grants	043679-TRS1-2006 043679-TRS1-2007	84.367
Total Improving Teacher Quality State Grants		
Total U.S. Department of Education		
<b>Totals</b>		

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.**

<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
\$188,905		\$188,905	
	\$77,023		\$77,023
<b>188,905</b>	<b>77,023</b>	<b>188,905</b>	<b>77,023</b>
463,009		56,407	
<u>463,009</u>		<u>423,236</u>	
		479,643	
23,699		23,699	
<u>23,699</u>		<u>23,699</u>	
486,708		503,342	
223,462		25,285	
<u>223,462</u>		<u>205,325</u>	
		230,610	
3,257		2,912	
6,964		6,756	
2,325		2,325	
3,931		6,014	
<u>79,360</u>		<u>72,235</u>	
<u>83,291</u>		<u>78,249</u>	
<b>806,007</b>		<b>824,194</b>	
<b>\$ 994,912</b>	<b>\$ 77,023</b>	<b>\$ 1,013,099</b>	<b>\$ 77,023</b>

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Notes to the Schedule of Federal Awards Expenditures  
For the Fiscal Year Ended June 30, 2007**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – FOOD DISTRIBUTION PROGRAM**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

**NOTE C – CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bryan City School District, Williams County, (the District) as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 4, 2007, wherein, we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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

We noted a certain matter that we reported to the District's management in a separate letter dated December 4, 2007.

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2007-001.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

December 4, 2007



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Board of Education:

### Compliance

We have audited the compliance of Bryan City School District, Williams County, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal programs for the year ended June 30, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Bryan City School District, Williams County, complied, in all material respects, with the requirements referred to above that apply to its major federal programs for the year ended June 30, 2007.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

December 4, 2007

**BRYAN CITY SCHOOL DISTRICT  
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2007**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster: Special Education Grants to the State – CFDA # 84.027 Special Education Preschool Grants – CFDA # 84.173
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

**FINDING NUMBER 2007-001**

**Noncompliance Citation**

Ohio Revised Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code §117-2-03 further clarifies the requirements of Ohio Revised Code § 117.38.

**FINDING NUMBER 2007-001  
(Continued)**

Ohio Administrative Code §117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. The District prepares its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

We recommend the District take the necessary steps to ensure that the financial report is prepared in accordance with generally accepted accounting principles

**Officials’ Response:**

Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None



**Mary Taylor, CPA**  
Auditor of State

**BRYAN CITY SCHOOL DISTRICT**

**WILLIAMS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 17, 2008**