

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

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

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2009**

**RHONDA MELCHI, TREASURER/CFO**





Mary Taylor, CPA  
Auditor of State

Board of Education  
Bowling Green City School District  
140 South Grove Street  
Bowling Green, Ohio 43402

We have reviewed the *Independent Auditor's Report* of the Bowling Green City School District, Wood County, prepared by Julian & Grube, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 14, 2010

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

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BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL  
AS OF JUNE 30, 2009

**ELECTED OFFICIALS**

<b>Board of Education</b>	<b>Title</b>	<b>Term of Office</b>
Eric Myers, Ph.D.	President	1/1/06 – 12/31/09
Stephen Cernkovich, Ph.D.	Vice President	1/1/08 – 12/31/11
Thomas Milbrodt, Ph.D.	Member	1/1/08 – 12/31/11
Ellen Scholl	Member	1/1/06 – 12/31/09
Lee Hakel	Member	1/1/08 – 12/31/11

**ADMINISTRATIVE PERSONNEL**

<b>Administrative</b>	<b>Title</b>	<b>Term of Contract</b>
Hugh T. Caumartin, Jr. <sup>1</sup>	Superintendent	8/1/06 – 7/31/09
Rhonda Melchi <sup>2</sup>	Treasurer	1/1/06 – 12/31/09

**LEGAL COUNSEL**

External:

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

Shumaker, Loop and Kendrick, LLP  
North Courthouse Square  
1000 Jackson Street  
Toledo, Ohio 43624-1573

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<sup>1</sup> Surety: Buckeye Union Insurance Company  
Bond: \$5,000

<sup>2</sup> Surety: Buckeye Union Insurance Company  
Bond: \$25,000

BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

INDEX OF FUNDS

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

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

### Independent Auditor's Report

Board of Education  
Bowling Green City School District  
140 South Grove Street  
Bowling Green, Ohio 43402

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bowling Green City School District, Wood County, Ohio, as of and for the fiscal year ended June 30, 2009 which collectively comprise Bowling Green City School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bowling Green City School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bowling Green City School District, Wood County, Ohio, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2009, on our consideration of Bowling Green City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information of the general fund on pages 3 through 9 and page 39, respectively, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Independent Auditor's Report  
Bowling Green City School District  
Page Two

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

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

Julian & Grube, Inc.  
November 25, 2009

# BOWLING GREEN CITY SCHOOL DISTRICT

## *Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2009*

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

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

#### *Government-wide Statements*

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

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

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

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

- **Governmental Activities** – Most of the District's programs and services are reported here including instruction, support services, non-instructional and extracurricular activities.
- **Business-type Activities** – The District operates a food service program and provides for the sale of student supplies. These activities are intended to be self-supporting although transfers from the General Fund are made almost annually to supplement student supply sales.

# BOWLING GREEN CITY SCHOOL DISTRICT

## *Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2009*

### *Fund Financial Statements*

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

**Governmental Funds** – Most of the District's activities are reported in Governmental Funds, which focus on (a) how money flows into and out of those funds and (b) the balances left at year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Government-wide statements) and governmental funds is reconciled in the financial statements. For the fiscal year ended June 30, 2009, two funds were considered "major" for reporting purposes due to their level of activity and are reported separately from all other Governmental funds in the fund financial statements. These two funds are the General Fund and the Construction Fund.

**Proprietary Funds** – The District uses enterprise funds to report activities for which fees are charged. These enterprise funds are the same as business-type activities, but provide more detail and additional information such as cash flows.

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

## **FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Assets** – The following table shows a comparative analysis of net assets for the fiscal years ended June 30, 2009 and 2008:

	Governmental Activities			Business-type Activities		
	2009	2008	Increase/ (Decrease)	2009	2008	Increase/ (Decrease)
Current and other assets	\$ 39,501,289	\$ 58,544,220	\$ (19,042,931)	\$ 281,446	\$ 266,991	\$ 14,455
Capital assets, net	31,031,200	13,277,010	17,754,190	53,514	65,576	(12,062)
<b>Total assets</b>	<b>70,532,489</b>	<b>71,821,230</b>	<b>(1,288,741)</b>	<b>334,960</b>	<b>332,567</b>	<b>2,393</b>
Long-term obligations outstanding	32,030,590	32,950,642	(920,052)	48,125	43,348	4,777
Other liabilities	19,549,156	19,360,547	188,609	95,563	84,559	11,004
<b>Total liabilities</b>	<b>51,579,746</b>	<b>52,311,189</b>	<b>(731,443)</b>	<b>143,688</b>	<b>127,907</b>	<b>15,781</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	7,591,233	9,124,269	(1,533,036)	53,514	65,576	(12,062)
Restricted	9,647,099	28,069,419	(18,422,320)	-	-	-
Unrestricted	1,714,411	(17,683,647)	19,398,058	137,758	139,084	(1,326)
<b>Total net assets</b>	<b>\$ 18,952,743</b>	<b>\$ 19,510,041</b>	<b>\$ (557,298)</b>	<b>\$ 191,272</b>	<b>\$ 204,660</b>	<b>\$ (13,388)</b>

# BOWLING GREEN CITY SCHOOL DISTRICT

## *Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2009*

In November, 2006, the District's voters approved a 2.93 mill bond levy for the construction of a new middle school and auditorium. In March, 2007, the District issued bonded debt in the amount of \$27,500,000 for this project. Contracts for design services, construction management services, construction services, and equipment purchases have been entered into and actual construction of the facility began in the spring of 2008. This project affects many of the changes in the Net Assets of the Governmental Activities. Capitalization of additional construction-in-progress accounts for a majority of the increase in Capital Assets while payment on the various contracts results in decreasing current assets (cash and investments) as well as the reduction in restricted assets. Accrued payments to contractors for work performed prior to June 30 results in increased current liabilities while principal payments on the bond issue accounts for the decrease in long-term liabilities of the District.

Changes in Net Assets - The following table shows the changes in net assets for the fiscal year ending June 30, 2009 as compared with 2008:

	Governmental Activities			Business-type Activities		
	2009	2008	Increase/ (Decrease)	2009	2008	Increase/ (Decrease)
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 851,872	\$ 296,725	\$ 555,147	\$ 746,159	\$ 737,609	\$ 8,550
Operating grants	1,459,080	1,736,245	(277,165)	543,650	474,379	69,271
General revenues						
Property and income taxes	20,343,298	20,520,123	(176,825)	-	-	-
Unrestricted grants	11,083,131	10,467,839	615,292	-	-	-
Other	1,291,848	2,798,392	(1,506,544)	2,517	5,815	(3,298)
Total revenues	35,029,229	35,819,324	(790,095)	1,292,326	1,217,803	74,523
<b>Expenses</b>						
Instruction	19,618,427	19,490,449	127,978	-	-	-
Support services	11,929,011	11,922,517	6,494	-	-	-
Noninstructional	363,946	351,051	12,895	-	-	-
Extracurricular Activities	961,381	1,005,867	(44,486)	-	-	-
Capital Outlay	1,407,899	1,533,322	(125,423)	-	-	-
Interest and Fiscal Charges	1,281,790	1,314,887	(33,097)	-	-	-
Other	18,558	31,629	(13,071)	-	-	-
Food Service	-	-	-	1,250,170	1,201,491	48,679
Uniform School Supplies	-	-	-	61,059	28,259	32,800
Total expenses	35,581,012	35,649,722	(68,710)	1,311,229	1,229,750	81,479
Transfers/Capital Contribution	(6,515)	(2,000)	(3,515)	5,515	2,000	3,515
<b>Change in Net Assets</b>	<b>(557,298)</b>	<b>167,602</b>	<b>(724,900)</b>	<b>(13,388)</b>	<b>(9,947)</b>	<b>(3,441)</b>
Beginning net assets	19,510,041	19,342,439	167,602	204,660	214,607	(9,947)
Ending net assets	\$ 18,952,743	\$ 19,510,041	\$ (557,298)	\$ 191,272	\$ 204,660	\$ (13,388)

### *Governmental Activities*

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. As an example, a homeowner with a home with an assessed value of \$100,000 and taxed at 1.0 mill would pay \$35 in taxes at the time the levy is voted in. If during the County's reappraisal the home's assessed value was increased to \$200,000 (and this increase is comparable to increases for other property owners in the neighborhood) the effective tax rate would become 0.5 mills and the owner would continue to pay \$35 in property tax. However, the effective total millage cannot be reduced below 20 mills according to state statute. This maintenance of the amount of property taxes generated coupled with the state funding method cause school districts to regularly return to voters in order for revenues to keep pace with expenses. In addition to property taxes, residents of the school district pay .5% (one-half percent) of their income in school district income tax. Since the District must rely heavily on voter approval of

# BOWLING GREEN CITY SCHOOL DISTRICT

## *Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2009*

operating tax issues, management of District resources is of utmost concern to both the administration and the voting public. The District uses a five-year financial forecast to determine whether current tax levies can sustain operations. The last forecast reflects a need for additional operating resources in fiscal year 2011 based upon the assumptions used in formulating the forecast.

Property and income taxes made up 58.1% of revenues for governmental activities of the Bowling Green City School District in fiscal year 2009 and 57.3% in fiscal year 2008. Property tax revenues continued to decrease in fiscal year 2009 as the phase-out of tangible personal property tax (discussed later under *Economic Factors*) enters the fourth year of the four year phase-out. Property taxes collected before June 30, 2009 and considered available for revenue recognition were also down from a year ago.

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

Revenue Source	2009		2008	
	Amount	% of Total	Amount	% of Total
General tax revenues	\$ 20,343,298	58.1 %	\$ 20,520,123	57.3 %
Unrestricted grants	11,083,131	31.6 %	10,467,839	29.2 %
Program revenues	2,310,952	6.6 %	2,032,970	5.7 %
Other revenues	1,291,848	3.7 %	2,798,392	7.8 %
Total Revenue	\$ 35,029,229	100.0 %	\$ 35,819,324	100.0 %

The District saw increases in all its unrestricted grants in fiscal year 2009 due to rising personal property tax "hold harmless" payments from the State to offset the phase-out of tangible personal property tax. These payments will begin to be phased-out in 2013 according to current law. Conversely, general tax revenues decreased due to the phase-out of tangible personal property tax. Due to reclassifications of various charges, program revenues increased while other revenues decreased. The recessionary economy also played a role in the reduction of interest earnings which are reported in other revenues.

### *Business-type Activities*

Business-type activities include food service and uniform school supplies resale. Student lunch purchases increased slightly during fiscal year 2009 and there was again an increase in the federal free and reduced lunch grant program. This year the program increased \$69,271. Increased participation in the lunch program by students contributes to both of these changes. With increases in the cost of food, supplies and personnel a net decrease of \$13,388 was realized in the proprietary funds. The net assets balance remains healthy, but management will continue to keep a watch on future operations.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's Governmental Funds reported a combined fund balance of \$19,208,680. This is an overall decrease of \$19,579,147 from the June 30, 2008 total of \$38,787,827. The schedule below indicates the fund balance and total change in fund balance by fund type as of June 30, 2009 and 2008.

	Fund Balance June 30, 2009	Fund Balance June 30, 2008	Increase (Decrease)
General Fund	\$ 8,221,483	\$ 9,318,206	\$ (1,096,723)
Other Governmental	10,987,197	29,469,621	(18,482,424)
Total	\$ 19,208,680	\$ 38,787,827	\$ (19,579,147)

# BOWLING GREEN CITY SCHOOL DISTRICT

## *Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2009*

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The District's General Fund balance dipped as operating costs increased and no new revenue sources were added. This is typical in a school district as management seek new taxes from voters every few years to cover increasing costs. The decrease in Other Governmental funds can be attributed to the middle school/auditorium construction project as it nears completion. As contractors are paid for their services, the fund balance originally built up by a \$27,500,000 bond issue drops.

### *Budgetary Highlights*

A supplementary schedule is included after the Notes to the Financial Statements to present budgetary information for the General Fund of the District. The Board approved amendments to the General Fund appropriations for transfers to supplement the Business-type Activities funds and for increased fuel costs and special education costs. Budgeted revenues were affected by higher tax collections than originally estimated.

## **CAPITAL ASSETS AND LONG-TERM OBLIGATIONS ADMINISTRATION**

### *Capital Assets*

At June 30, 2009, the District had net capital assets in the amount of \$31,031,200 invested in land, construction in progress, buildings and improvements, furniture and equipment, and vehicles. Actual construction of the middle school/auditorium project began in the spring of 2008. Much progress was made during 2009 accounting for the significant increase in construction in progress for fiscal year 2009. Also in fiscal year 2009 the District made some improvements to existing properties. Accordingly net capital assets increased \$17,742,128. The District owns no infrastructure. The following table presents comparative balances for fiscal years 2009 and 2008:

	Governmental Activities		Business-type Activities		Total	Total	Total
	2009	2008	2009	2008	2009	2008	Increase (Decrease)
Land	\$ 422,124	\$ 422,124	\$ -	\$ -	\$ 422,124	\$ 422,124	\$ -
Construction in Progress	20,830,577	3,309,635	-	-	20,830,577	3,309,635	17,520,942
Buildings & Improvements	17,661,553	17,004,996	-	-	17,661,553	17,004,996	656,557
Furniture & Equipment	4,332,371	4,152,000	320,675	326,460	4,653,046	4,478,460	174,586
Vehicles	1,895,177	1,829,102	-	-	1,895,177	1,829,102	66,075
Accumulated depreciation	(14,110,602)	(13,440,847)	(267,161)	(260,884)	(14,377,763)	(13,701,731)	(676,032)
Net Capital Assets	\$ 31,031,200	\$ 13,277,010	\$ 53,514	\$ 65,576	\$ 31,084,714	\$ 13,342,586	\$ 17,742,128

### **Long-term Obligations**

At June 30, 2009, the District's governmental activities had long-term liabilities totaling \$32,030,590. As mentioned throughout this document, the District issued general obligation bonds in 2007 the amount of \$27,500,000 for the construction of a middle school facility and auditorium. Principal payments on this bond issue were first made in 2008. Combined with the previously existing general obligation bonds, total outstanding general obligation bonds amount to \$27,605,000 with \$845,000 due within one year, and unamortized bond premium of \$1,352,922. The remaining long-term obligations consist of probable payments for compensated absences in the amount of \$3,072,668.

# BOWLING GREEN CITY SCHOOL DISTRICT

## *Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2009*

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Under current state statutes, the District's debt issues are subject to a legal limitation of 9% of the total assessed value of real and personal property. At June 30, 2009, the District's outstanding debt was within the legal limit.

### **ECONOMIC FACTORS**

School district income tax collections declined almost 1% for fiscal year 2009. The recession plaguing the whole country also affected the local economy. The effects are not expected to bottom out until sometime in fiscal year 2010, consequently, further decline is expected to occur. Interest rates dropped to unprecedented lows resulting in significantly reduced interest revenues. Property tax revenue is affected due to foreclosures and increased delinquent taxes, although the District itself has not been affected as badly as some districts in neighboring counties.

State foundation funding has remained flat for years for Bowling Green City School District. This funding is based upon assessed local property values. Because property values in the District had increased over the years, the foundation formula assumed that property taxes also increase thereby reducing the District's need for state funding. However, as discussed in the Financial Analysis section of this narrative, property taxes do not actually grow with increased property values. Prior to 2006, the District had been on the "fiscal year 1998 guarantee" for state foundation funding. This meant the District had been guaranteed to receive the same amount of funding as it did seven years prior even though, based upon property values, state funding should be significantly less than received in fiscal year 1998. With the passage of the budget bills for fiscal years 2006 through 2009, the District went on the Transitional Aid Guarantee, which essentially equates to the "fiscal year 1998 guarantee" for this District because the Transitional Aid Guarantee ensures that the District will receive what it did in fiscal year 2005 – the same that it did in fiscal year 1998. Projections for the upcoming State biennial budget show the District continuing to remain on a guarantee, although all school districts will likely receive a 2% funding cut. While management is most appreciative that actual state funding is no lower than it was eleven years ago in 1998, operating costs have obviously risen far beyond 1998 levels despite the steps that have been taken to control personnel and other operating costs. Thus, the District is forced to seek additional taxes from its citizens to compensate for the lack of growth in state funding. An additional 1/2% school district income tax was sought in May, 2009, but was rejected by the voters. The District implemented budget cuts for the new fiscal year to help delay deficit balances.

Significant changes were implemented in the tax structure by the Ohio General Assembly beginning in fiscal year 2006. Effective January 1, 2006, HB 66 phased out tangible personal property tax over a four year period with 2009 being the final year. These taxes did comprise approximately 10% of the District's revenues. HB 66 provided for "hold harmless" payments to replace these revenues through 2010 at which time these payments were scheduled to be phased out. HB 1 passed in 2009 retains the full amount of these payments through 2013. The "hold harmless" payments will be in declining amounts, however, to reflect the phase-out of the inventory portion of tangible personal property that was already in law prior to the passage of HB 66. The phase out of the tangible personal property tax will have an effect on the assessed local property values used to calculate the state foundation funding. However, HB 1 also changes the formula for funding school districts, consequently, it is unknown what, if any, effect this phase-out will have on this District's foundation funding due to the District's current guarantee status (discussed in the previous paragraph).

Several court decisions have been issued as a result of the school funding cases filed against the State. The Supreme Court relinquished jurisdiction over the case in late 2002 and directed the Ohio General

# BOWLING GREEN CITY SCHOOL DISTRICT

## *Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2009*

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Assembly to enact a school-funding scheme that is thorough and efficient. It is unknown what effect, if any, this decision will have on future funding the District receives from the State.

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

### *Contacting the District's Financial Management*

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Inquiries about this report may be directed to Rhonda Melchi, Treasurer, Bowling Green City School District, 140 South Grove Street, Bowling Green, Ohio 43402.

Bowling Green City School District, Wood County  
Statement of Net Assets  
As of June 30, 2009

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 7,143,412	\$ 236,107	\$ 7,379,519
Cash in segregated accounts	733,803	-	733,803
Investments	12,981,561	-	12,981,561
Receivables			
Property taxes - current	16,631,210	-	16,631,210
Property taxes - delinquent	484,289	-	484,289
School district income tax	920,023	-	920,023
Accounts	3,653	57	3,710
Accrued interest	124,447	-	124,447
Intergovernmental	29,113	-	29,113
Materials & supplies inventory	87,229	45,282	132,511
Prepaid items	94,581	-	94,581
Deferred bond issuance costs	267,968	-	267,968
Nondepreciable capital assets	21,252,701	-	21,252,701
Depreciable Capital assets, net	9,778,499	53,514	9,832,013
Total assets	<u>70,532,489</u>	<u>334,960</u>	<u>70,867,449</u>
<b>Liabilities</b>			
Accounts payable	1,173,119	808	1,173,927
Accrued wages and benefits	2,421,938	36,310	2,458,248
Intergovernmental payables	626,548	58,445	684,993
Deferred revenue	14,492,310	-	14,492,310
Retainage payable	727,736	-	727,736
Accrued interest payable	107,505	-	107,505
Long-term liabilities			
Due within one year	1,253,143	-	1,253,143
Due in more than one year	30,777,447	48,125	30,825,572
Total liabilities	<u>51,579,746</u>	<u>143,688</u>	<u>51,723,434</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	7,591,233	53,514	7,644,747
Restricted for:			
Debt service	2,009,225	-	2,009,225
Capital projects	7,200,022	-	7,200,022
Other purposes	437,852	-	437,852
Unrestricted/undesignated	1,714,411	137,758	1,852,169
Total net assets	<u>\$ 18,952,743</u>	<u>\$ 191,272</u>	<u>\$ 19,144,015</u>

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

Bowling Green City School District, Wood County  
Statement of Activities  
For the Year Ended June 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities						
Instruction	\$ 19,618,427	\$ 515,107	\$ 391,391	\$ (18,711,929)	\$ -	\$ (18,711,929)
Support services	11,929,011	49,644	705,315	(11,174,052)	-	(11,174,052)
Non-instructional	363,946	-	357,442	(6,504)	-	(6,504)
Extracurricular activities	961,381	287,121	-	(674,260)	-	(674,260)
Capital outlay	1,407,899	-	-	(1,407,899)	-	(1,407,899)
Interest and fiscal charges	1,281,790	-	-	(1,281,790)	-	(1,281,790)
Miscellaneous	18,558	-	4,932	(13,626)	-	(13,626)
Total governmental activities	<u>35,581,012</u>	<u>851,872</u>	<u>1,459,080</u>	<u>(33,270,060)</u>	<u>-</u>	<u>(33,270,060)</u>
Business-type activities						
Food service	1,250,170	698,900	543,650	-	(7,620)	(7,620)
Uniform school supplies	61,059	47,259	-	-	(13,800)	(13,800)
Total business-type activities	<u>1,311,229</u>	<u>746,159</u>	<u>543,650</u>	<u>-</u>	<u>(21,420)</u>	<u>(21,420)</u>
Totals	<u>\$ 36,892,241</u>	<u>\$ 1,598,031</u>	<u>\$ 2,002,730</u>	<u>(33,270,060)</u>	<u>(21,420)</u>	<u>(33,291,480)</u>
General Revenues						
Property taxes levied for:						
General purposes				15,348,780	-	15,348,780
Debt service				1,649,916	-	1,649,916
Capital outlay				460,756	-	460,756
Income taxes levied for general purposes				2,883,846	-	2,883,846
Grants & entitlements not restricted to specific programs				11,083,131	-	11,083,131
Payment in lieu of taxes				139,056	-	139,056
Investment earnings				926,137	1,371	927,508
Miscellaneous				226,655	1,146	227,801
Total general revenues				<u>32,718,277</u>	<u>2,517</u>	<u>32,720,794</u>
Transfers				(5,515)	5,515	-
Change in net assets				(557,298)	(13,388)	(570,686)
Net assets beginning of year				19,510,041	204,660	19,714,701
Net assets end of year				<u>\$ 18,952,743</u>	<u>\$ 191,272</u>	<u>\$ 19,144,015</u>

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

Bowling Green City School District, Wood County  
 Balance Sheet  
 Governmental Funds  
 As of June 30, 2009

	General	Construction	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,827,507	\$ 569,650	\$ 4,746,255	\$ 7,143,412
Cash in segregated accounts	6,067	727,736	-	733,803
Investments	6,321,753	5,000,725	1,659,083	12,981,561
Receivables:				
Property Taxes	14,989,968	-	2,125,531	17,115,499
School District Income Taxes	920,023	-	-	920,023
Accounts	3,653	-	-	3,653
Intergovernmental	-	-	29,113	29,113
Accrued interest	114,096	-	10,351	124,447
Materials and supplies inventory	87,229	-	-	87,229
Prepaid items	91,557	3,024	-	94,581
<b>Total assets</b>	<u>\$ 24,361,853</u>	<u>\$ 6,301,135</u>	<u>\$ 8,570,333</u>	<u>\$ 39,233,321</u>
<b>Liabilities:</b>				
Accounts payable	\$ 104,190	\$ 1,005,430	\$ 63,499	\$ 1,173,119
Accrued wages and benefits	2,346,921	-	75,017	2,421,938
Compensated absences payable	-	-	98,701	98,701
Intergovernmental payable	590,003	-	36,545	626,548
Deferred revenue	13,099,256	-	1,877,343	14,976,599
Retainage payable	-	727,736	-	727,736
<b>Total liabilities</b>	<u>16,140,370</u>	<u>1,733,166</u>	<u>2,151,105</u>	<u>20,024,641</u>
<b>Fund balances:</b>				
Reserved for encumbrances	170,394	3,743,668	260,547	4,174,609
Reserved for inventory	87,229	-	-	87,229
Reserved for prepaid items	91,557	3,024	-	94,581
Reserved for contributions	-	-	55,972	55,972
Reserved for property taxes unavailable for appropriation	1,942,007	-	279,267	2,221,274
Unreserved, undesignated reported in:				
General fund	5,930,296	-	-	5,930,296
Debt service funds	-	-	1,789,742	1,789,742
Capital projects funds	-	821,277	2,344,422	3,165,699
Special revenue funds	-	-	1,679,903	1,679,903
Permanent funds	-	-	9,375	9,375
<b>Total fund balances</b>	<u>8,221,483</u>	<u>4,567,969</u>	<u>6,419,228</u>	<u>19,208,680</u>
Total liabilities and fund balances	<u>\$ 24,361,853</u>	<u>\$ 6,301,135</u>	<u>\$ 8,570,333</u>	<u>\$ 39,233,321</u>

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

*Reconciliation of Total Governmental Fund Balances  
to Net Assets of Governmental Activities  
As of 6/30/2009*

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<b>Total Governmental Fund Balances</b>	\$ 19,208,680
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*Amounts reported for governmental activities in the  
statement of net assets are different because*

Delinquent property taxes are not available to pay for current period expenditures, and are, therefore, deferred in the funds	484,289
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Capital Assets used in governmental activities are not resources and therefore are not reported in the funds	31,031,200
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	<u>(31,771,426)</u>
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<b>Net Assets of Governmental Funds</b>	<u><u>\$ 18,952,743</u></u>
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Bowling Green City School District, Wood County  
Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds  
For the Year Ended June 30, 2009

	General	Construction	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 14,921,210	\$ -	\$ 2,053,953	\$ 16,975,163
School District Income Taxes	2,883,846	-	-	2,883,846
Tuition and fees	545,425	-	-	545,425
Intergovernmental	10,877,995	-	1,664,216	12,542,211
Interest	383,631	-	542,506	926,137
Extracurricular activities	-	-	257,817	257,817
Gifts and donations	-	29,820	1,500	31,320
Miscellaneous	172,199	82	171,510	343,791
<b>Total Revenues</b>	<u>29,784,306</u>	<u>29,902</u>	<u>4,691,502</u>	<u>34,505,710</u>
<b>Expenditures:</b>				
Current:				
Instruction	18,770,856	-	773,396	19,544,252
Support services	10,997,902	3,147	1,304,219	12,305,268
Non-instructional services	1,836	-	358,269	360,105
Extracurricular activities	696,585	-	259,947	956,532
Capital outlay	1,440	18,446,129	379,897	18,827,466
Debt service				
Principal	62,882	-	725,000	787,882
Interest	3,119	-	1,328,953	1,332,072
<b>Total expenditures</b>	<u>30,534,620</u>	<u>18,449,276</u>	<u>5,129,681</u>	<u>54,113,577</u>
Excess (deficiency) of revenues over expenditures	<u>(750,314)</u>	<u>(18,419,374)</u>	<u>(438,179)</u>	<u>(19,607,867)</u>
<b>Other financing sources (uses)</b>				
Operating transfers in	-	-	379,000	379,000
Operating transfers (out)	(384,515)	-	-	(384,515)
Other financing sources	38,169	-	1,061	39,230
Other financing (uses)	(63)	-	(4,932)	(4,995)
<b>Total other financing sources (uses)</b>	<u>(346,409)</u>	<u>-</u>	<u>375,129</u>	<u>28,720</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	<u>(1,096,723)</u>	<u>(18,419,374)</u>	<u>(63,050)</u>	<u>(19,579,147)</u>
<b>Fund balance July 1</b>	<u>9,318,206</u>	<u>22,987,343</u>	<u>6,482,278</u>	<u>38,787,827</u>
<b>Fund balance June 30</b>	<u>\$ 8,221,483</u>	<u>\$ 4,567,969</u>	<u>\$ 6,419,228</u>	<u>\$ 19,208,680</u>

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

***Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2009***

**Net change in Fund Balances - Total Governmental Funds** \$(19,579,147)

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

Certain property taxes reported on the statement of activities do not provide current financial resources so are not reported as revenue in governmental funds 484,289

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 17,754,190

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities. 725,000

Some expenses reported in the statement of activities, such as compensated absences payable and amortization of bond premiums, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 58,370

**Change in Net Assets of Governmental Activities** \$ (557,298)

Bowling Green City School District, Wood County  
Statement of Net Assets  
Proprietary Funds  
As of June 30, 2009

	Business-Type Activities - Enterprise Funds
<b>Assets:</b>	
Cash and cash equivalents	\$ 236,107
Receivables (net of allowances for uncollectibles)	
Accounts	57
Materials and supplies inventory	45,282
Total current assets	281,446
Capital assets, net	53,514
<b>Total assets</b>	<b>334,960</b>
<b>Liabilities:</b>	
Accounts payable	808
Accrued wages and benefits	36,310
Intergovernmental payable	58,445
Compensated absences payable	48,125
<b>Total liabilities</b>	<b>143,688</b>
<b>Net assets</b>	
Invested in capital assets	53,514
Unrestricted	137,758
<b>Total net assets</b>	<b>\$ 191,272</b>

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

Bowling Green City School District, Wood County  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2009

	<u>Business-Type Activities- Enterprise Funds</u>
<b>Operating revenues:</b>	
Sales	\$ 746,159
Other operating revenues	1,146
<b>Total operating revenues</b>	<u>747,305</u>
 <b>Operating expenses:</b>	
Salaries and wages	397,612
Fringe benefits	164,969
Purchased services	20,470
Materials and supplies	557,630
Cost of sales	152,810
Depreciation	12,977
Other operating expenses	2,558
<b>Total operating expenses</b>	<u>1,309,026</u>
Operating income (loss)	<u>(561,721)</u>
 <b>Nonoperating revenues (expenses):</b>	
Interest revenue	1,371
Federal and state subsidies	390,840
Federal donated commodities	152,810
Loss on sale of capital assets	(2,203)
<b>Total nonoperating revenues (expenses)</b>	<u>542,818</u>
Change in net assets before transfers	(18,903)
Operating transfers-in	<u>5,515</u>
Change in net assets	(13,388)
<b>Net assets at July 1</b>	<u>204,660</u>
<b>Net assets at June 30</b>	<u><u>\$ 191,272</u></u>

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

Bowling Green City School District, Wood County  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2009

	Business-Type Activities- <u>Enterprise Funds</u>
Cash flows from operating activities:	
Cash received from sales	\$ 746,159
Cash received from other revenues	1,089
Cash payments for employee services	(390,177)
Cash payments for employee benefits	(156,811)
Cash payments for contract services	(20,470)
Cash payments for supplies and materials	(548,215)
Cash payments for other expenses	(2,558)
Net cash provided by (used for) operating activities	<u>(370,983)</u>
Cash flows from noncapital financing activities:	
Federal and state subsidies	390,840
Operating transfers in	5,515
Net cash provided by noncapital financing activities	<u>396,355</u>
Cash flows from investing activities:	
Interest on investments	1,371
Net cash provided by investing activities	<u>1,371</u>
Cash flows from capital and related financing activities:	
Acquisition/Disposition of capital assets	(3,118)
Net cash used for capital and related financing activities	<u>(3,118)</u>
Net increase (decrease) in cash and cash equivalents	23,625
Cash and cash equivalents at beginning of year	212,482
Cash and cash equivalents at end of year	<u>\$ 236,107</u>
Reconciliation of operating income(loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (561,721)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:	
Depreciation	12,977
Federal donated commodities	152,810
Changes in assets and liabilities:	
Materials and Supplies inventory	9,227
Receivables	(57)
Accounts payable	188
Accrued wages and benefits	2,417
Compensated absences payable	4,777
Intergovernmental payable	8,399
Net cash provided by (used for) operating activities	<u>\$ (370,983)</u>

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

Bowling Green City School District, Wood County  
Statement of Net Assets  
Fiduciary Funds  
As of June 30, 2009

	<u>Agency</u>
Assets:	
Cash and cash equivalents	\$ 106,052
Total assets	<u>106,052</u>
Liabilities:	
Due to students	93,820
Other current liabilities	12,232
Total liabilities	<u>106,052</u>
Net assets	<u><u>\$ -</u></u>

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

BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

NOTE 1- DESCRIPTION OF THE SCHOOL DISTRICT

Bowling Green City School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a city district as defined by Section 3311.02, Ohio Revised Code. The District operates under an elected five member Board of Education and is responsible for provision of public education to residents of the District. The District is located in Wood County in northwest Ohio. Its boundaries include all of the City of Bowling Green and portions of surrounding townships.

The District serves 3,081 students and encompasses an area of approximately one hundred fifty square miles. The District regularly employs 242 licensed/certificated employees and 110 non-certificated employees. In addition, the District employed substitute employees to cover the duties of absent bus drivers while contracting with an employment service for all other substitute employees and certain paraprofessionals.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Reporting Entity

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

*Jointly Governed Organization:*

Penta County Joint Vocational School District

The vocational school district is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The school accepts non-tuition students from the District as a member school, however, it is considered a separate political subdivision and is not considered to be part of the District. One member of the Bowling Green City Board of Education serves as a member of the Penta County Joint Vocational School District. The District also participates in two insurance group purchasing pools, described in Note 11.

Non-public Schools

Non-public schools located within the District boundaries include: St. Aloysius and St. Louis Elementary Schools, the Montessori School of Bowling Green, Bowling Green Christian Academy and Plan, Do and Talk Primary. These non-public schools are operated independently of the District. The District receives and disburses auxiliary services money from the State for support of these non-public schools as directed by these non-public schools. The receipt and expenditure of these auxiliary services monies are accounted for by the District and are reflected in a Special

BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. The Reporting Entity (Continued)

Revenue Fund for financial reporting purposes, but the non-public schools' operations are not reflected in the accompanying financial statements.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Construction Fund - The Construction Fund is used to account for the revenues and expenditures related to the building and construction of new school facilities.

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.

PROPRIETARY FUNDS

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

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

BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

FIDUCIARY FUNDS

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

C. Basis of Presentation – Financial Statements

*Government-wide Financial Statements*

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

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

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

*Fund Financial Statements*

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

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

BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

D. Basis of Accounting

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

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

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

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

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

The District reports deferred revenues on its balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2009, and delinquent property taxes whose availability is indeterminable and which are intended to finance fiscal year 2010 operations, have been recorded as deferred revenue.

BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (continued)

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

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

E. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds while GASB requires only major Governmental Funds to be reported in the supplementary schedules presenting budgetary information. The specific timetable for fiscal year 2009 is as follows:

1. Pursuant to Section 5705.281, ORC, the Wood County Budget Commission has waived the requirement for school districts to adopt a tax budget. In place of the tax budget, the District must submit an estimate of revenues for the fiscal year commencing the following July 1 for all funds by no later than January 20 of the preceding fiscal year.
2. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to July 1, the District must prepare a budget in which total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. This budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary schedule reflect the amounts set forth in the Amended Official Certificate of Estimated Resources and the final Amended Certificate issued for fiscal year 2009.
3. By July 1, the annual appropriation resolution is legally enacted by the Board of Education. While the District uses an expenditure account coding system consisting of a minimum of fund number, a four digit function, and a three digit object, the Board adopted appropriation is at the fund and first digit of function level of expenditures for the General Fund and at the fund level for all other district funds. These are considered the legal levels of budgetary control. Administrative control is maintained through the establishment of more detailed line-item budgets. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
4. Any revisions that alter the total of any fund appropriation or alter first digit function appropriations within the General Fund must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All

BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets (Continued)

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

6. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2009.
7. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund, first digit function level for the General fund and the fund level for all other funds.

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

F. Cash and Investments

Cash received by the District is deposited in a central bank account with individual fund balance integrity maintained. Monies for all funds are maintained in this account or temporarily used to purchase short-term cash equivalent investments (maturity date within three months of the date acquired by the District) which are stated at cost. State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper and repurchase agreements. Under existing Ohio statutes, all investment earnings are credited to the General Fund except those specified according to Board Resolution. Interest earnings are allocated to these funds based on average monthly cash balances. Interest revenue credited to the General fund during fiscal year 2009 amounted to \$383,631 which includes \$25,054 assigned from other District funds.

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

The District has invested funds in non-negotiable certificates of deposit and in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2009. 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, 2009.

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

An analysis of the District's investment account at year end is provided in Note 4.

BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventory

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

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

H. Prepays

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

I. Capital Assets and Depreciation

Property, Plant and Equipment – Governmental Activities

Capital assets are acquired or constructed for governmental activities and are recorded as expenditures in the Governmental Funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements. The District follows the policy of not capitalizing assets with a cost of less than \$1,000 and a useful life of less than five years.

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

Depreciation

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

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

J. Intergovernmental Revenues

In Governmental Funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement

BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Intergovernmental Revenues (Continued)

type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary Fund operations are recognized as revenue when measurable and earned.

K. Compensated Absences

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

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

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

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

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

L. Long-Term Obligations

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

M. Reservations of Fund Balance

Reserved fund balances indicate that portion of fund balance which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, materials and supplies inventory, contributions, prepaid items, and property taxes unavailable for appropriation. The unreserved portions of fund balances reflected for the Governmental Funds are available for use within the specific purposes of those funds.

The reserve for property taxes represents taxes recognized as revenues under generally accepted accounting principles but not available for appropriation under state statute.

BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Net Assets

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

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

O. Interfund Transactions

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

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

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

P. Estimates

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

Q. Unamortized Issuance Costs/Bond Premium

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

NOTE 3 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

NOTE 3 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS  
(Continued)

*Long-term liabilities not reported in the funds:*

Accrued Bond Interest	\$ (107,505)
Bonds Payable	(27,605,000)
Less: deferred bond charges (to be amortized over life of debt)	267,968
Plus: issuance premium (to be amortized as interest expense)	(1,352,922)
Compensated absences	<u>(2,973,967)</u>
	<u>\$ (31,771,426)</u>

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

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

*Amount by which capital outlay exceeds depreciation in the current period:*

Capital Outlay	\$18,544,642
Depreciation Expense	<u>( 790,452)</u>
	<u>\$17,754,190</u>

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

Compensated absences	\$ (51,675)
Capital lease payment	62,882
Accrued interest	4,615
Amortization of bond issuance costs	(10,508)
Amortization of bond premium	<u>53,056</u>
	<u>\$ 58,370</u>

NOTE 4 – EQUITY IN POOLED CASH AND INVESTMENTS

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

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

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

BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

NOTE 4 – EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the District has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

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

BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

**Cash in Segregated Accounts:** At fiscal year-end \$730,803 was maintained in depository accounts that the District established for funds related to retainage set-aside for the construction project. These depository accounts are included in the total "Deposits" in the next paragraph. The District also had \$3,000 in athletic checking accounts which is also included in the total "Deposits".

**Deposits:** At June 30, 2009, the carrying amount of the District's deposits was \$18,398,474 and the bank balance was \$18,924,071. Of the entire bank balance, \$3,729,733 was covered by federal depository insurance while \$15,194,338 was exposed to custodial credit risk as described in GASB Statement No. 40 further discussed below.

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

**Investments:**

As of June 30, 2009, the District had the following investments and maturities:

	<u>Maturities</u>	<u>Fair Value</u>
STAR Ohio	n/a	\$ 2,801,827
Total Investments		\$ 2,801,827

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

**Credit Risk:** The District's investment policy limits investments to securities specifically authorized by the Ohio Revised Code. As of June 30, 2009, the District's investments consisted of STAR Ohio. The District's investment in STAR Ohio (the State investment pool) was rated AAAM by Standard & Poor's. STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard service.

**Custodial Credit Risk:** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District had no investments held by a counterparty at June 30, 2009. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer of the qualified trustee.

**Concentration of Credit Risk:** The District places no limit on the amount that may be invested in any one issuer, although Ohio law sets limits on investments in commercial paper. Of the investments held at June 30, 2009, 100% were in the State investment pool.

BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

Cash and Investments per footnote:	
Cash on hand	\$ 634
Carrying amount of deposits	18,398,474
Investments	2,801,827
Total	\$21,200,935
Cash and Investments per Statements of Net Assets:	
Government Wide	\$21,094,883
Fiduciary Funds	106,052
	\$21,200,935

NOTE 5 – TAXES

A. Property Tax

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

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

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

In 2005, the General Assembly of the State of Ohio passed the State Biennial Budget Bill (HB 66) that phased-out Tangible Personal Property Tax over a four-year period beginning January 1, 2006 thus reducing the assessed rate each calendar year by 25% such that the tax is fully phased out in 2009. Based upon 2004 personal property values, "hold harmless" payments were to be made by the State to replace this revenue source for school districts through fiscal year 2010 at which time these payments would also be phased out. The State Biennial Budget Bill (HB 1) passed in 2009 extends the full reimbursement through fiscal year 2013. The reimbursement phase-out will now begin in August 2013. The District received "hold harmless" payments in fiscal year 2009 in the amount of \$2,191,140.

The total assessed value upon which the 2009 taxes were collected was \$624,669,550. Agricultural/Residential, public utility and mineral real estate represented 65.2% or \$406,909,160 of this total; Commercial & Industrial real estate represented 34.0% or \$212,578,270; and public utility tangible 0.8% or \$5,182,120. Tax exempt property in the District totaled \$273,357,970. The voted general tax rate for operations at the fiscal year ended June 30, 2009, was \$48.10 per \$1,000.00 of assessed valuation; the voted rate for debt service was \$2.85 per \$1,000.00 of assessed valuation; and the voted rate for permanent improvements was \$1.20 per \$1,000.00 of assessed valuation.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20. The Wood County Treasurer collects property tax on behalf of the District. The Wood County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

NOTE 5 – TAXES (Continued)

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable, in accordance with GASB 33, as of June 30, 2009. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

B. School District Income Tax

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

NOTE 6 - RECEIVABLES

Receivables at June 30, 2009, consisted of taxes, accounts (charges for services and fees), accrued interest, and intergovernmental receivables. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of the specific State programs.

NOTE 7 - CAPITAL ASSETS

The following is a summary by category of changes in governmental activities capital assets at June 30, 2009:

<i>Historical Cost:</i>				
<u>Asset Category</u>	Balance at <u>7/1/08</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>6/30/09</u>
<i>Nondepreciable:</i>				
Land	\$ 422,124	\$ -	\$ -	\$ 422,124
Construction in Progress	3,309,635	17,520,942	-	20,830,577
Total Nondepreciable Assets	<u>3,731,759</u>	<u>17,520,942</u>	<u>-</u>	<u>21,252,701</u>
<i>Depreciable:</i>				
Buildings & Improvements	17,004,996	656,557	-	17,661,553
Furniture/Equipment	4,152,000	233,362	52,991	4,332,371
Vehicles	1,829,102	173,844	107,769	1,895,177
Total Depreciable Assets	<u>22,986,098</u>	<u>1,063,763</u>	<u>160,760</u>	<u>23,889,101</u>
Total General Fixed Assets	<u>\$ 26,717,857</u>	<u>\$18,584,705</u>	<u>\$ 160,760</u>	<u>\$45,141,802</u>
<i>Accumulated Depreciation:</i>				
<u>Asset Category</u>	Balance at <u>7/1/08</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>6/30/09</u>
Buildings & Improvements	9,366,578	371,999	-	9,738,577
Furniture/Equipment	2,950,718	288,321	31,249	3,207,790
Vehicles	1,123,551	130,132	89,448	1,164,235
Total General Fixed Assets	<u>13,440,847</u>	<u>790,452</u>	<u>* 120,697</u>	<u>14,110,602</u>
<i>Net Capital Assets:</i>	<u>\$ 13,277,010</u>	<u>\$17,794,253</u>	<u>\$ 40,063</u>	<u>\$ 31,031,200</u>

BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

NOTE 7 - CAPITAL ASSETS (Continued)

\* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$ 60,325
Support Services	389,541
Non-instructional Services	19,251
Extracurricular Activities	3,676
Capital Outlay	<u>317,659</u>
Total Depreciation Expense	<u>\$ 790,452</u>

A summary of the proprietary capital assets at June 30, 2009, follows:

<i>Depreciable:</i>	Balance at <u>7/1/08</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>6/30/09</u>
Furniture/Equipment	\$ 326,460	\$ 3,118	\$ (8,903)	\$ 320,675
Accumulated Depreciation:	<u>(260,884)</u>	<u>(12,977)</u>	<u>6,700</u>	<u>(267,161)</u>
Net Capital Assets:	<u>\$ 65,576</u>	<u>\$ (9,859)</u>	<u>\$ (2,203)</u>	<u>\$ 53,514</u>

NOTE 8 - LONG-TERM OBLIGATIONS

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

A. The following is a description of the Bowling Green City School District bonds outstanding as of June 30, 2009:

	Interest <u>Rate</u>	Issue <u>Date</u>	Maturity <u>Date</u>	Bonds Outstanding <u>At 7/1/08</u>	New Issues During <u>2009</u>	Retired <u>In 2009</u>	Bonds Outstanding <u>At 6/30/09</u>	Due Within <u>1 Year</u>
1995 Refunding Building Improvements 2007	4.5- 5.7%	6/8/1995	12/1/2011	\$1,165,000	\$-0-	\$285,000	\$ 880,000	\$285,000
School Facilities Construction and Improvement	3.5- 5.0%	3/22/2007	12/1/2034	\$27,165,000	\$-0-	\$440,000	\$26,725,000	\$560,000

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

<u>Year Ending June 30</u>	<u>Principal on General Obligation</u>	<u>Interest on General Obligation</u>	<u>Total</u>
2010	\$ 845,000	\$ 1,293,420	\$ 2,138,420
2011	915,000	1,253,723	2,168,723
2012	340,000	1,223,812	1,563,812
2013	365,000	1,208,175	1,573,175
2014	405,000	1,194,700	1,599,700
2015-2019	2,725,000	5,694,881	8,419,881
2020-2024	4,265,000	4,883,000	9,148,000
2025-2029	6,400,000	3,561,625	9,961,625
2030-2034	9,120,000	1,732,163	10,852,163
2035	<u>2,225,000</u>	<u>55,625</u>	<u>2,280,625</u>
Total	<u>\$27,605,000</u>	<u>\$ 22,101,124</u>	<u>\$49,706,124</u>

BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

C. During the year ended June 30, 2009 the following changes occurred in Governmental Activities long-term liabilities:

<i>Governmental Activities:</i>	Balance at <u>7/1/08</u>	<u>Increase</u>	<u>Decrease</u>	Balance at <u>6/30/09</u>	Due Within <u>1 Year</u>
Compensated Absences:					
Sick leave (severance)	\$2,916,456	\$748,060	\$ 848,234	\$ 2,816,282	\$98,701
Vacation	235,326	213,220	192,160	256,386	256,386
Capital Lease Payable	62,882	-	62,882	-	-
General Obligation Bonds	28,330,000	-	725,000	27,605,000	845,000
Unamortized Bond Premium	1,405,978	-	53,056	1,352,922	53,056
Total	<u>\$32,950,642</u>	<u>\$961,280</u>	<u>\$1,881,332</u>	<u>\$32,030,590</u>	<u>\$1,253,143</u>
 <i>Business-type Activities:</i>					
Compensated Absences:					
Sick leave (severance)	<u>\$ 43,348</u>	<u>\$ 24,819</u>	<u>\$ 20,042</u>	<u>\$ 48,125</u>	<u>\$ -</u>

The District has established a Severance Benefits Fund, as permitted by H.B. 426, to liquidate accumulated sick leave upon retirement of employees while sick leave and vacation benefits enjoyed by active employees are paid by the fund from which the employee is normally paid, in most cases the General Fund. A capital lease, originally entered into for three busses, was paid in full in 2009 with General Fund money. All bond principal and interest are paid through the Bond Retirement Fund.

NOTE 9 - INTERFUND TRANSACTIONS

Interfund transfers for the fiscal year ended June 30, 2009, consisted of the following, as reported on the fund statements:

Transfers from general fund to nonmajor governmental funds	\$ 379,000
Transfers from general fund to proprietary funds	\$ 5,515

Transfers are used to move unrestricted revenues collected in the general fund to finance various programs accounted for in accordance with budgetary authorizations. All transfers in fiscal year 2009 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 10 - FUND BALANCE DEFICITS

Fund balances at June 30, 2009, included the following individual fund deficits:

<u>NonMajor Funds</u>	<u>GAAP Basis</u>
IDEA – Special Education, Part B	\$(10,081)
Title I – Targeted Assistance Grant Fund	(17,583)
Title II-A Grant Fund	(1,487)

These funds complied with Ohio statute, which does not permit cash basis deficits at year-end. The GAAP-basis deficit will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30.

BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains comprehensive commercial insurance coverage for real property, building contents, general liability, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents have a liability limit of \$89,818,361 with 100% co-insurance. The District's fleet insurance policy has a liability limit of \$1,000,000 each occurrence. The District has liability insurance coverage limits of \$4,000,000 each occurrence and \$6,000,000 annual aggregate.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from last year.

*Wood County Schools Health Insurance Consortium*

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

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

*OASBO Worker's Compensation Group Rating*

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 10% of their annual covered salary and Bowling Green City School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. A

BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

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 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers by the SERS' Retirement Board. The District's contributions for pension obligations to SERS for the years ended June 30, 2009, 2008, and 2007 were \$309,885, \$357,953, and \$394,301, respectively. As of June 30, 2009, 36.29 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. The unpaid contribution for fiscal year 2009 of \$384,609 is recorded as a liability within the respective funds.

B. State Teachers Retirement System

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

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14%. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. 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 2008, the latest information available, 13% funded pensions while 1% of covered payroll contributions was allocated to the Health Care Stabilization Fund.

BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2009, 2008, and 2007 were \$2,078,791, \$2,075,268, and \$2,020,590, respectively. As of June 30, 2009, 82.73 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. The unpaid contributions of \$300,384 for fiscal year 2009 are recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 13 - POSTEMPLOYMENT BENEFITS

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

For STRS, most benefit recipients are required to pay a portion of health care costs in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal years ended June 30, 2009, 2008 and 2007, the board allocated employer contributions equal to 1.0% of covered payroll to the Health Care Stabilization Fund from which payments for health care benefits were paid. For the District, this amount equaled \$159,907, \$159,636, and \$155,430 during the 2009, 2008, and 2007 fiscal years, respectively. As of June 30, 2009, 82.73 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. As of June 30, 2008 (the latest information available), eligible benefit recipients totaled 126,506. For the fiscal year ended June 30, 2008 net health care costs paid by STRS were \$288,878,000.

SERS administers two postemployment benefit plans. The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69, Ohio Revised Code (ORC). Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40; SERS' reimbursement to retirees was \$45.50. The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2009, the actuarially required allocation was .75%. The District's contributions for the years ended June 30, 2009, 2008 and 2007 were \$25,568, \$25,791 and \$28,797, respectively; 36.29 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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

BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

NOTE 13 - POSTEMPLOYMENT BENEFITS (continued)

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans. The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 1051(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2009, the health care allocation was 4.16%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2009, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District contributions assigned to health care for the years ended June 30, 2009, 2008 and 2007 were \$171,289, \$191,183 and \$120,268, respectively; 36.29 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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

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

NOTE 14 - OTHER EMPLOYEE BENEFITS - DEFERRED COMPENSATION PLANS

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

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

BOWLING GREEN CITY SCHOOL DISTRICT  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009

NOTE 15 - SET-ASIDES

The Ohio Legislature passed H.B. 412 in 1998 which requires school districts to “set aside” money from the General Fund for three purposes: textbooks and materials, capital acquisition, and budget stabilization. Subsequently, Am. Sub. Senate Bill 345, effective April 10, 2001, eliminated the requirement for the budget reserve set-aside. The District’s requirements for fiscal year 2009 and the balances to be carried forward at year-end are presented below:

	<u>Textbooks &amp; Materials</u>	<u>Capital Acquisition</u>
Set-aside Balance as of July 1, 2008	(\$3,906,677)	\$ -0-
Current Year Set-aside Requirement	471,316	471,316
Current Year Offsets	-0-	(557,663)
Qualifying Disbursements	(769,423)	-0-
Total	<u>( 4,204,784)</u>	<u>(86,347)</u>
Set-aside Balance Carried Forward to FY 2010	<u>( 4,204,784)</u>	<u>-0-</u>

Beginning with fiscal year ended June 30, 2000, expenditures in excess of current year or accumulated set-aside requirements in the Textbooks and Materials Set-aside were permitted to be carried forward to offset future years’ textbooks and materials set-aside requirements. Although the District had off-sets and qualifying disbursements during the year that reduced the set-aside amounts below zero for Capital Acquisition purposes, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year for the Capital Acquisition Set-aside.

NOTE 16 – OUTSTANDING CONTRACTUAL COMMITMENTS

At June 30, 2009, the District has outstanding contractual commitments in the amount of \$3,743,668 for design services, construction management services and construction contracts in connection with its construction and improvement of school facilities project. Funding for these commitments will come from the \$27,500,000 bond issued in 2007 and discussed in Note 8. The project is expected to be completed in the first half of fiscal year 2010.

NOTE 17 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2009.

B. Litigation

The District is not party to any litigation that, in the opinion of management, would have a material effect on the financial statements.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

Bowling Green City School District, Wood County  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget to Actual (Budgetary Basis) - General Fund  
For the Year Ended June 30, 2009

	Original Budget	Revised Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
From local sources:				
Taxes	\$ 17,822,667	\$ 18,306,766	\$ 18,612,040	\$ 305,274
Intergovernmental	10,592,928	10,592,928	10,877,995	285,067
Interest	530,500	530,500	335,557	(194,943)
Tuition and fees	300,000	300,000	545,430	245,430
Miscellaneous	69,500	69,500	170,937	101,437
<b>Total revenues</b>	<b>29,315,595</b>	<b>29,799,694</b>	<b>30,541,959</b>	<b>742,265</b>
<b>Expenditures:</b>				
Current:				
Instruction	19,273,348	19,273,348	18,865,443	407,905
Support services	11,728,597	11,787,037	11,196,233	590,804
Non-instructional services	16,610	16,610	2,041	14,569
Extracurricular activities	718,607	718,607	696,208	22,399
Capital outlay	2,500	2,500	1,440	1,060
<b>Total expenditures</b>	<b>31,739,662</b>	<b>31,798,102</b>	<b>30,761,365</b>	<b>1,036,737</b>
Excess (deficiency) of revenues over (under) expenditures	(2,424,067)	(1,998,408)	(219,406)	1,779,002
<b>Other financing sources (uses):</b>				
Operating transfers (out)	(380,000)	(384,900)	(384,515)	385
Other financing sources	-	-	778	778
Refund of prior years expenditures	-	-	37,391	37,391
Refund of prior year receipts	-	(100)	(63)	37
<b>Total other financing sources (uses)</b>	<b>(380,000)</b>	<b>(385,000)</b>	<b>(346,409)</b>	<b>38,591</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,804,067)	(2,383,408)	(565,815)	1,817,593
<b>Fund balance, July 1, restated</b>	<b>8,289,621</b>	<b>8,289,621</b>	<b>8,289,621</b>	<b>-</b>
Prior year encumbrances appropriated	187,190	187,190	187,190	-
<b>Fund balance, June 30</b>	<b>\$ 5,672,744</b>	<b>\$ 6,093,403</b>	<b>\$ 7,910,996</b>	<b>\$ 1,817,593</b>

Beginning fund balance has been restated by \$123,000 to properly state unencumbered cash at July 1, 2008.

**Note:**

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

<u>Net Change in Fund Balances</u>	<u>General Fund</u>
Budget Basis	\$ (565,815)
Net adjustment for revenue accruals	(757,653)
Net adjustment for expenditure accruals	(17,579)
Adjustment for encumbrances	244,324
GAAP Basis	<u>\$ (1,096,723)</u>

## **SUPPLEMENTARY DATA**

**BOWLING GREEN CITY SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
<b>Nutrition Grant Cluster:</b>				
(D) (E) School Breakfast Program	10.553	2009	\$ 65,712	\$ 65,712
<b>Total School Breakfast Program</b>			<b>65,712</b>	<b>65,712</b>
(D) (E) National School Lunch Program	10.555	2009	315,535	315,535
(C) (D) National School Lunch Program - Food Donation	10.555	2009	152,810	152,810
<b>Total National School Lunch Program</b>			<b>468,345</b>	<b>468,345</b>
<b>Total U.S. Department of Agriculture and Nutrition Grant Cluste</b>			<b>534,057</b>	<b>534,057</b>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
(G) Title I Grants to Local Educational Agencies	84.010	2008	39,370	46,842
(G) Title I Grants to Local Educational Agencies	84.010	2009	312,742	287,813
<b>Total Title I Grants to Local Educational Agencies</b>			<b>352,112</b>	<b>334,655</b>
<b>Special Education Grant Cluster:</b>				
(F) Special Education_Grants to States	84.027	2008	10,611	45,934
(F) Special Education_Grants to States	84.027	2009	612,920	555,254
<b>Total Special Education_Grants to States</b>			<b>623,531</b>	<b>601,188</b>
(F) Special Education_Preschool Grants	84.173	2009	19,500	19,500
<b>Total Special Education_Preschool Grants</b>			<b>19,500</b>	<b>19,500</b>
<b>Total Special Education Grant Cluster</b>			<b>643,031</b>	<b>620,688</b>
Safe and Drug-Free Schools and Communities_State Grants	84.186	2009	9,591	9,591
<b>Total Safe and Drug-Free Schools and Communities_State Grants</b>			<b>9,591</b>	<b>9,591</b>
State Grants for Innovative Programs	84.298	2008	1,408	1,409
State Grants for Innovative Programs	84.298	2009	2,813	2,813
<b>Total State Grants for Innovative Programs</b>			<b>4,221</b>	<b>4,222</b>
(G) Education Technology State Grants	84.318	2008	(450)	-
(G) Education Technology State Grants	84.318	2009	1,060	-
<b>Total Education Technology State Grants</b>			<b>610</b>	<b>-</b>
(G) Improving Teacher Quality State Grants	84.367	2008	(3,689)	1,694
(G) Improving Teacher Quality State Grants	84.367	2009	107,892	107,892
<b>Total Improving Teach Quality State Grants</b>			<b>104,203</b>	<b>109,586</b>
<b>Total U.S. Department of Education</b>			<b>1,113,768</b>	<b>1,078,742</b>
<b>Total Federal Financial Assistance</b>			<b>\$ 1,647,825</b>	<b>\$ 1,612,799</b>

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS:**

- (A) OAKS did not assign pass-through numbers for fiscal year 2009.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the fair market value.
- (D) Included as part of "Nutrition Grant Cluster" in determining major programs.
- (E) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (F) Included as part of "Special Education Grant Cluster" in determining major programs.
- (G) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education ("ODE")'s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2009, the ODE authorized the following transfers:

Program Title	CFDA	Grant Year	Transfers Out	Transfers In
Title I Grants to Local Educational Agencies	84.010	2008	\$ 8,155	
Title I Grants to Local Educational Agencies	84.010	2009		\$ 8,155
Education Technology State Grants	84.318	2008	450	
Education Technology State Grants	84.318	2009		450
Improving Teacher Quality State Grants	84.367	2008	3,689	
Improving Teacher Quality State Grants	84.367	2009		3,689
<b>Totals</b>			<b>\$ 12,294</b>	<b>\$ 12,294</b>



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Accounting Standards***

Board of Education  
Bowling Green City School District  
140 South Grove Street  
Bowling Green, Ohio 43402

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bowling Green City School District, Wood County, Ohio as of and for the fiscal year ended June 30, 2009, which collectively comprise Bowling Green City School District's basic financial statements and have issued our report thereon dated November 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bowling Green City School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bowling Green City School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bowling Green City School 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 the normal course of 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 Bowling Green City School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Bowling Green City School District's financial statements that is more than inconsequential will not be prevented or detected by the Bowling Green City School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Bowling Green City School District's internal control.

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 deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Education  
Bowling Green City School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bowling Green City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the Bowling Green City School District in a separate letter dated November 25, 2009.

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

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

Julian & Grube, Inc.  
November 25, 2009



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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

**Report on Compliance With Requirements Applicable to Its  
Major Program and on Internal Control Over Compliance  
in Accordance With OMB Circular A-133**

Board of Education  
Bowling Green City School District  
140 South Grove Street  
Bowling Green, Ohio 43402

Compliance

We have audited the compliance of Bowling Green City School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2009. Bowling Green City School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Bowling Green City School District's management. Our responsibility is to express an opinion on Bowling Green City School District's compliance based on our audit.

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

In our opinion, Bowling Green City School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2009.

Internal Control Over Compliance

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

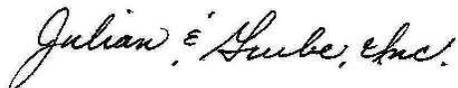
Board of Education  
Bowling Green City School District

A control deficiency in Bowling Green City School District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Bowling Green City School District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Bowling Green City School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Bowling Green City School District's internal control.

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.

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



Julian & Grube, Inc.  
November 25, 2009

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2009**

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

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.



## **Julian & Grube, Inc.**

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### **Independent Accountant's Report on Applying Agreed-Upon Procedures**

Bowling Green City School District  
Wood County  
140 South Grove Street  
Bowling Green, Ohio 43402

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on August 14, 2007.
2. We read the policy, noting it included the following requirements from Ohio Revised Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Revised Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;

- (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Ohio Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States.
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

This report is intended solely for the information and use of the Board of Education of Bowling Green City School District and is not intended to be and should not be used by anyone other than this specified party.



Julian & Grube, Inc.  
November 25, 2009



**Mary Taylor, CPA**  
Auditor of State

**BOWLING GREEN CITY SCHOOL DISTRICT**

**WOOD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 28, 2010**