



Dave Yost • Auditor of State

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bryan City School District, Williams County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bryan City School District, Williams County, Ohio, as of June 30, 2014, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the District's financial statements that collectively comprise its basic financial statements.

Management's Discussion and Analysis includes tables of net position, changes in net position and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

The Schedule of Federal Awards Receipts and Expenditures also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

These tables and the Schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Dave Yost
Auditor of State

Columbus, Ohio

November 6, 2014

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**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

The discussion and analysis of the financial performance of Bryan City School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

In total, net position increased \$38,148,251.

General receipts accounted for \$66,362,497, or 95 percent of all receipts. Program specific receipts in the form of charges for services and sales and operating grants and contributions accounted for \$3,560,937 or 5 percent of total receipts of \$69,923,434.

The District's major funds included the General fund, the Bond Retirement fund and the Classroom Facilities Assistance Program Project fund. The General fund had \$19,124,103 in receipts and other financing sources and \$18,471,476 in disbursements and other financing uses. The General fund's balance increased \$652,627 from the prior fiscal year.

The Bond Retirement fund had \$10,942,119 in receipts and other financing sources and \$9,999,030 in disbursements. The Bond Retirement fund's balance increased \$943,089 from the prior fiscal year.

The Classroom Facilities Assistance Program Project fund had \$36,722,417 in receipts and other financing sources and \$282,964 in disbursements. The Classroom Facilities Assistance Program fund's balance increased \$36,439,453 from the prior fiscal year.

Using the Basic Financial Statements

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

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

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

For the District, the General fund is by far the most significant fund. The General fund, the Bond Retirement fund, and the Classroom Facilities Assistance Program Project Fund are the three major funds.

Reporting the District as a Whole

Statement of Net Position and Statement of Activities

The statement of net position and the statement of activities, both reported on the cash basis, reflect how the District performed financially during fiscal year 2014. These statements are reported on a cash basis of accounting which reflects receipts and disbursements when cash is received or disbursed.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)**

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

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

The District as a Whole

Table 1 provides a summary of the District's net position for fiscal year 2014 compared to fiscal year 2013 on a cash basis.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)**

**Table 1
Net Position
Governmental Activities**

	<u>2014</u>	<u>2013</u>
<u>Assets:</u>		
Current and Other Assets	\$52,618,391	\$14,470,140
<u>Net Position:</u>		
Restricted for Debt Service	\$943,089	
Restricted for Capital Outlay	40,724,386	4,270,802
Restricted for Other Purposes	586,066	487,115
Unrestricted	10,364,850	9,712,223
Total	<u>\$52,618,391</u>	<u>\$14,470,140</u>

As mentioned previously, net position of governmental activities increased \$38,148,251 or approximately 264 percent during 2014. The bond and note proceeds were the primary reason attributing to the increase is overall receipts exceeded overall disbursements.

Table 2 reflects the changes in net position for fiscal year 2014 compared to fiscal year 2013.

**Table 2
Change in Net Position
Governmental Activities**

	<u>2014</u>	<u>2013</u>
<u>Receipts:</u>		
Program Receipts:		
Charges for Services and Sales	\$1,817,555	\$1,984,405
Operating Grants and Contributions	1,743,382	1,494,407
Total Program Receipts	<u>3,560,937</u>	<u>3,478,812</u>
General Receipts:		
Property Taxes	8,490,022	7,646,828
Income Taxes	2,891,391	2,725,448
Grants and Entitlements	8,424,622	8,001,576
Gifts and Donations	23,754	36,889
Investment Earnings	81,952	40,261
Miscellaneous	48,756	15,059
General Obligation Bonds Issued	32,100,000	
Tax Anticipation Notes Issued	10,470,803	
Premium on Bonds and Notes Issued	3,287,125	
Other Notes Issued	464,588	
Proceeds from Sale of Capital Assets	2,000	
Refund of Prior Year Disbursements	77,484	2,353
General Receipts	<u>66,362,497</u>	<u>18,468,414</u>
Total Receipts	<u>69,923,434</u>	<u>21,947,226</u>

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)**

<u>Disbursements:</u>		
Instruction	13,145,386	12,463,561
Support Services:		
Pupils	1,059,909	1,076,053
Instructional Staff	659,752	1,748,560
Board of Education	20,261	24,617
Administration	1,545,780	1,527,973
Fiscal	480,067	480,659
Business	52,388	80,140
Operation and Maintenance of Plant	1,493,746	1,532,586
Pupil Transportation	883,705	676,274
Central	340,691	67,315
Non-Instructional Services	827,434	832,385
Extracurricular Activities	786,593	875,034
Capital Outlay	215,338	338,452
Debt Service:		
Principal	9,800,000	
Issuance Costs	414,589	
Interest and Fiscal Charges	49,544	
Refund of Prior Year Disbursements		11,262
Total Disbursements	<u>31,775,183</u>	<u>21,734,871</u>
Increase in Net Position	<u>\$38,148,251</u>	<u>\$212,355</u>

Program receipts account for 5 percent of total receipts and are represented by restricted intergovernmental revenues, tuition and fees, rent, extracurricular activities, and food service sales.

The major program disbursements for governmental activities are for instruction, which accounts for 41 percent of all governmental disbursements. Debt service payments accounts for 32 percent. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 8 percent of governmental disbursements. Maintenance of the District's facilities also represents a significant disbursement of 5 percent each. The remaining 14 percent of the District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

Overall receipts increased \$47,976,208 (approximately 218.6 percent) primarily due to a increase in proceeds from bonds and notes. Overall disbursements increased \$10,040,312 more than 46 percent) which is primarily to an increase in principal payments on tax anticipation notes.

Governmental Activities

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

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)**

**Table 3
Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2014</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>
Instruction	\$13,145,386	\$10,890,579	\$12,463,561	\$10,361,804
Support Services:				
Pupils	1,059,909	1,052,359	1,076,053	1,069,612
Instructional Staff	659,752	628,374	1,748,560	1,747,930
Board of Education	20,261	20,261	24,617	24,617
Administration	1,545,780	1,537,514	1,527,973	1,518,458
Fiscal	480,067	480,067	480,659	478,389
Business	52,388	52,388	80,140	80,140
Operation and Maintenance of Plant	1,493,746	1,371,564	1,532,586	1,406,387
Pupil Transportation	883,705	868,653	676,274	676,274
Central	340,691	331,691	67,315	60,115
Non-Instructional Services	827,434	34,669	832,385	(13,720)
Extracurricular Activities	786,593	466,656	875,034	496,339
Capital Outlay	215,338	215,338	338,452	338,452
Debt Service:				
Principal	9,800,000	9,800,000		
Issuance Costs	414,589	414,589		
Interest and Fiscal Charges	49,544	49,544		
Refund of Prior Year Receipts			11,262	11,262
Total Disbursements	<u>\$31,775,183</u>	<u>\$28,214,246</u>	<u>\$21,734,871</u>	<u>\$18,256,059</u>

The dependence upon tax receipts and unrestricted state entitlements for governmental activities is apparent. Over 83 percent of instruction activities are supported through taxes and other general receipts. For all governmental activities, support from general receipts is 89 percent. The remaining 11 percent are derived from charges for services and sales, operating grants and contributions.

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. The District's major governmental funds are the General fund, the Bond Retirement fund and the Classroom Facilities Assistance Program Project fund. Total governmental funds had receipts and other financing sources of \$72,718,400 and disbursements and other financing uses of \$34,570,149. The net change in fund balance in the General fund reflects an increase of \$652,627. This was primarily due to an increase in intergovernmental revenues of approximately \$450,000 and a decrease of overall disbursements (less than 2%) from 2013.

The net change in fund balance in the Bond Retirement fund was an increase of \$943,089 due to the collection of levy proceeds. Receipts and disbursements each increased 100 percent due to the issuance and retirement of debt.

The net change in fund balance in the Classroom Facilities Assistance Program Project fund was an increase of \$36,439,453 due to the receipt of \$36.7 million in debt proceeds and local share for the school building construction project.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)**

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General fund. During the course of fiscal year 2014, the District amended its General fund budget as needed.

Final estimated receipts exceeded original estimated resources by \$1,223,621 (7 percent) primarily due to unexpected increases in property and other taxes, income tax revenue, and intergovernmental revenue. There was no significant variances between final estimated receipts and actual.

Final budget disbursements were less than original budget disbursements by \$14,966 (less than 1 percent). This was due to a decrease in expected disbursements. Final disbursements and other financing uses were budgeted at \$18,970,719 while actual disbursements and other financing uses were \$18,432,384. The \$538,335 difference is primarily due to a conservative "worst case scenario" approach. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The District had capital outlay disbursements of \$215,338 during fiscal year 2014.

Debt Administration

At June 30, 2014, the District had \$36,067,891 in school improvement general obligation bonds for construction and building improvements and \$251,714 for capital leases.

The District had \$667,891 in a school improvement bond anticipation note. The note will mature on July 15, 2014. The bonds are being retired through the Bond Retirement Fund.

The District had \$22,300,000 in school improvement bonds. The bonds were issued on February 12, 2014 for a twenty-eight year period and will mature on January 1, 2042. The bonds are being retired through the Bond Retirement Fund.

The District had \$9,800,000 in school improvement bonds. The bonds were issued on March 13, 2014 for a twenty-eight year period and will mature on December 15, 2041. The bonds are being retired through the Bond Retirement Fund.

The District had \$3,300,000 in certificates of participation. The certificates were issued on June 4, 2014 for a twenty-seven year period and will mature on December 15, 2040. The certificates are being retired through the Bond Retirement Fund.

At June 30, 2014, the District's long term obligations, included capital leases of \$251,714, down 40 percent from the end of fiscal year 2013. The District obtained four separate capital leases for the acquisition of computer equipment. The leases were each issued for four years, with final maturity on July 10, 2014, July 15, 2015, and July 15, 2016. One leased matured prior to fiscal year end.

At June 30, 2014, the District's overall legal debt margin was (\$13,612,227), with an un-voted debt margin of \$249,507.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)**

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

Current Issues

Bryan is a small rural community of 8,500 in Northwest Ohio. It has a number of small and medium businesses with agriculture having a contributing influence on the economy. The District's receipts from the State of Ohio have remained stagnant while operating costs continue to increase. The citizens of the District passed a continuing one percent school district income tax levy on May 2, 2006. This new tax became effective on January 1, 2007 and is expected to generate approximately \$2,700,000 per year when fully implemented, based upon estimates received from the Ohio Department of Taxation. The one percent school district income tax has generated a total of \$16,343,000 over the last six years, an average of \$2,724,000 per year. In FY2014, the income tax revenue totaled \$2,891,000.

The District is currently operating in the first year of the state biennium. Eighty six percent (86%) of the District revenue sources are from local funds, twelve percent (12%) from state funds and the remaining two percent (2%) is from federal funds. The total expenditure per pupil was calculated at \$10,092.

In November, 2011, the District passed the renewal of a five-year emergency levy to generate \$1,910,000 annually. This levy provides a source of funds for the financial operations and stability of the District. However, future finances are not without challenges as our community changes and state funding is continually revised. Some of these challenges are in the future of state funding for schools in light of the DeRolph court case, state budget instability, the long term effects of public utility deregulation, the personal property tax on Ohio businesses and the accelerated phase out of tangible personal property replacement funds.

Contacting the District's Financial Management

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

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**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2014**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 48,681,000
Investments	3,937,391
<i>Total Assets</i>	<u>\$ 52,618,391</u>
Net Position:	
Restricted for Debt Service	943,089
Restricted for Capital Outlay	40,724,386
Restricted for Other Purposes	586,066
Unrestricted	10,364,850
<i>Total Net Position</i>	<u>\$ 52,618,391</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Cash</u>	<u>Program Receipts</u>		<u>Net</u>
		<u>Disbursements</u>	<u>Charges for</u>	<u>Operating</u>
		<u>Services and</u>	<u>Grants and</u>	<u>Receipts and</u>
		<u>Sales</u>	<u>Contributions</u>	<u>Changes in Net</u>
				<u>Position</u>
				<u>Governmental</u>
				<u>Activities</u>
Governmental Activities:				
Instruction:				
Regular	\$ 9,219,490	\$ 819,650	\$ 429,582	\$ (7,970,258)
Special	3,821,354	199,717	805,858	(2,815,779)
Vocational	79,623			(79,623)
Student Intervention Services	24,919			(24,919)
Support Services:				
Pupils	1,059,909		7,550	(1,052,359)
Instructional Staff	659,752		31,378	(628,374)
Board of Education	20,261			(20,261)
Administration	1,545,780		8,266	(1,537,514)
Fiscal	480,067			(480,067)
Business	52,388			(52,388)
Operation and Maintenance of Plant	1,493,746	122,182		(1,371,564)
Pupil Transportation	883,705		15,052	(868,653)
Central	340,691		9,000	(331,691)
Operation of Non-Instructional Services	827,434	356,069	436,696	(34,669)
Extracurricular Activities	786,593	319,937		(466,656)
Capital Outlay	215,338			(215,338)
Debt Service:				
Principal	9,800,000			(9,800,000)
Issuance Costs	414,589			(414,589)
Interest and Fiscal Charges	49,544			(49,544)
Totals	\$ 31,775,183	\$ 1,817,555	\$ 1,743,382	\$ (28,214,246)

General Receipts:

Taxes:	
Property Taxes, Levied for General Purposes	6,598,958
Property Taxes, Levied for Capital Outlay	908,477
Property Taxes, Levied for Debt Service	920,789
Property Taxes, Levied for Building Maintenance	61,798
Income Taxes	2,891,391
Grants and Entitlements not Restricted to Specific Programs	8,424,622
Gifts and Donations	23,754
Investment Earnings	81,952
Miscellaneous	48,756
General Obligation Bonds Issued	32,100,000
Tax Anticipation Notes Issued	10,470,803
Other Notes Issued	3,287,125
Premium on Bonds and Notes Issued	464,588
Proceeds from Sale of Capital Assets	2,000
Refund of Prior Year Expenditures	77,484
Total General Receipts	66,362,497
Change in Net Position	38,148,251
Net Position Beginning of Year	14,470,140
Net Position End of Year	\$ 52,618,391

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY
STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Classroom Facilities Assistance Program Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 10,424,778	\$ 943,089	\$ 32,502,062	\$ 4,811,071	\$ 48,681,000
Investments			3,937,391		3,937,391
<i>Total Assets</i>	<u>\$ 10,424,778</u>	<u>\$ 943,089</u>	<u>\$ 36,439,453</u>	<u>\$ 4,811,071</u>	<u>\$ 52,618,391</u>
Fund Balances:					
Restricted		943,089	36,439,453	2,803,312	40,185,854
Committed				2,007,759	2,007,759
Assigned	179,156				179,156
Unassigned	10,245,622				10,245,622
<i>Total Fund Balances</i>	<u>\$ 10,424,778</u>	<u>\$ 943,089</u>	<u>\$ 36,439,453</u>	<u>\$ 4,811,071</u>	<u>\$ 52,618,391</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	General Fund	Bond Retirement Fund	Classroom Facilities Assistance Program Project Fund	All Other Governmental Funds	Total Governmental Funds
Receipts:					
Property and Other Local Taxes	\$ 6,598,958	\$ 920,789		\$ 970,275	\$ 8,490,022
Income Taxes	2,891,391				2,891,391
Intergovernmental	8,254,294	36,793		1,876,917	10,168,004
Investment Earnings	70,353		\$ 11,401	198	81,952
Tuition and Fees	1,019,367				1,019,367
Rent	122,182				122,182
Extracurricular Activities	83,376			236,561	319,937
Gifts and Donations	2,329			21,425	23,754
Customer Sales and Services				356,069	356,069
Miscellaneous	23,429			25,327	48,756
<i>Total Receipts</i>	<u>19,065,679</u>	<u>957,582</u>	<u>11,401</u>	<u>3,486,772</u>	<u>23,521,434</u>
Disbursements:					
Current:					
Instruction:					
Regular	8,883,371			336,119	9,219,490
Special	3,013,757			807,597	3,821,354
Vocational	79,623				79,623
Student Intervention Services	24,919				24,919
Support Services:					
Pupils	1,050,475			9,434	1,059,909
Instructional Staff	344,078			315,674	659,752
Board of Education	20,261				20,261
Administration	1,535,945			9,835	1,545,780
Fiscal	437,315	17,861		24,891	480,067
Business	52,388				52,388
Operation and Maintenance of Plant	1,413,805			79,941	1,493,746
Pupil Transportation	703,476			180,229	883,705
Central	331,035			9,656	340,691
Operation of Non-Instructional Services				827,434	827,434
Extracurricular Activities	536,062			250,531	786,593
Capital Outlay					
				215,338	215,338
Debt Service:					
Principal		9,800,000			9,800,000
Interest		49,544			49,544
Issuance Costs		131,625	282,964		414,589
<i>Total Disbursements</i>	<u>18,426,510</u>	<u>9,999,030</u>	<u>282,964</u>	<u>3,066,679</u>	<u>31,775,183</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>639,169</u>	<u>(9,041,448)</u>	<u>(271,563)</u>	<u>420,093</u>	<u>(8,253,749)</u>
Other Financing Sources and (Uses):					
Transfers In			2,750,000	44,966	2,794,966
General Obligation Bonds Issued		9,800,000	22,300,000		32,100,000
Tax Anticipation Notes Issued		2,912	10,467,891		10,470,803
Other Notes Issued			910,162	2,376,963	3,287,125
Premium on Bonds and Notes Issued		181,625	282,963		464,588
Proceeds from Sale of Capital Assets	2,000				2,000
Refund of Prior Year Expenditures	56,424			21,060	77,484
Transfers Out	(44,966)			(2,750,000)	(2,794,966)
<i>Total Other Financing Sources and (Uses)</i>	<u>13,458</u>	<u>9,984,537</u>	<u>36,711,016</u>	<u>(307,011)</u>	<u>46,402,000</u>
<i>Net Change in Fund Balances</i>	<u>652,627</u>	<u>943,089</u>	<u>36,439,453</u>	<u>113,082</u>	<u>38,148,251</u>
Fund Balances at Beginning of Year	9,772,151			4,697,989	14,470,140
<i>Fund Balances at End of Year</i>	<u>\$ 10,424,778</u>	<u>\$ 943,089</u>	<u>\$ 36,439,453</u>	<u>\$ 4,811,071</u>	<u>\$ 52,618,391</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Receipts:				
Property and Other Local Taxes	\$ 6,400,000	\$ 6,600,000	\$ 6,598,958	\$ (1,042)
Income Tax	2,725,000	2,891,391	2,891,391	
Intergovernmental	7,464,500	8,246,706	8,254,294	7,588
Investment Earnings	25,000	65,000	70,353	5,353
Tuition and Fees	981,000	941,150	938,523	(2,627)
Rent	122,500	122,500	122,182	(318)
Extracurricular Activities	25,000	28,800	28,828	28
Gifts and Donations	1,000	2,250	2,329	79
Miscellaneous	9,500	22,900	23,429	529
<i>Total Receipts</i>	<u>17,753,500</u>	<u>18,920,697</u>	<u>18,930,287</u>	<u>9,590</u>
Disbursements:				
Current:				
Instruction:				
Regular	8,947,296	8,940,353	8,821,038	119,315
Special	3,066,079	3,143,133	3,014,074	129,059
Vocational	82,185	81,424	80,812	612
Student Intervention Services	25,364	29,682	27,363	2,319
Support Services:				
Pupils	1,041,957	1,062,129	1,050,925	11,204
Instructional Staff	360,074	367,217	351,864	15,353
Board of Education	25,484	25,285	20,961	4,324
Administration	1,630,374	1,621,553	1,551,374	70,179
Fiscal	464,884	462,656	438,874	23,782
Business	57,068	57,507	53,320	4,187
Operation and Maintenance of Plant	1,596,366	1,507,100	1,457,576	49,524
Pupil Transportation	675,004	714,927	705,054	9,873
Central	359,768	359,635	333,968	25,667
Extracurricular Activities	493,850	493,249	480,215	13,034
<i>Total Disbursements</i>	<u>18,825,753</u>	<u>18,865,850</u>	<u>18,387,418</u>	<u>478,432</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>(1,072,253)</u>	<u>54,847</u>	<u>542,869</u>	<u>488,022</u>
Other Financing Sources and (Uses):				
Proceeds from Sale of Capital Assets		2,000	2,000	
Refund of Prior Year Expenditures	2,000	56,424	56,424	
Transfers Out	(30,000)	(44,966)	(44,966)	
Other Financing Uses	(100,000)	(59,903)		59,903
<i>Total Other Financing Sources and (Uses)</i>	<u>(128,000)</u>	<u>(46,445)</u>	<u>13,458</u>	<u>59,903</u>
<i>Net Change in Fund Balance</i>	(1,200,253)	8,402	556,327	547,925
<i>Fund Balance at Beginning of Year</i>	9,613,895	9,613,895	9,613,895	
Prior Year Encumbrances Appropriated	75,400	75,400	75,400	
<i>Fund Balance at End of Year</i>	<u>\$ 8,489,042</u>	<u>\$ 9,697,697</u>	<u>\$ 10,245,622</u>	<u>\$ 547,925</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS
FIDUCIARY FUND
JUNE 30, 2014

	<u>Agency Fund</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ <u>49,565</u>
Liabilities:	
Held on Behalf of Students	\$ <u>49,565</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Bryan City School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a city school district as defined by §3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's seven instructional/support facilities staffed by 88 non-certified and 166 certified full-time teaching personnel who provide services to 2,066 students and other community members.

A. Primary Government

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

B. Component Units

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

C. Jointly Governed Organizations and Purchasing Pools

The District is associated with organizations, which are defined as jointly governed organizations and group purchasing pools. These organizations include the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Northwest Ohio Educational Research Council, Inc., Northwest Ohio Special Education Regional Resource Center, the Northwest Ohio Professional Development Center, the Northern Buckeye Health Plan, Northwest Division of Optimal Health Initiatives (OHI), and the Ohio Health Initiatives (OHI) Workers Compensation Group Rating Plan. These organizations are presented in Notes 16 and 17 to the basic financial statements.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A. Basis of Presentation

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

1. Government-Wide Financial Statements

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

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

2. Fund Financial Statements

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

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

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

B. Fund Accounting

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

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1. Governmental Funds:

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other non-exchange transactions as governmental funds. The General fund, Bond Retirement fund and the Classroom Facilities Assistance Program Project fund are the District's major governmental funds:

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

Bond Retirement Fund - The Bond Retirement fund is used to account for the accumulation of resources for, and the payment of long-term debt principal, interest, and related costs.

Classroom Facilities Assistance Program (CFAP) Project Fund - The CFAP Project Fund is used to account for revenues and expenditures related to the construction and renovation of school buildings.

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

2. Fiduciary Funds

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

C. Basis of Accounting

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

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

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

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Budgetary Process

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

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

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

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

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

E. Cash and Investments

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

Investments of the District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During fiscal year 2014, investments were limited to negotiable certificates of deposits, federal agency securities, municipal securities and money market mutual funds. Investments in certificates of deposit, federal agency and municipal securities are reported at cost. The District's money market mutual funds are recorded at the amounts reported by Morgan Stanley at June 30, 2014.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2014 amounted to \$70,353, which includes \$17,844 assigned from other District funds.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Compensated Absences

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

I. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

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

K. Interfund Transactions

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

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

L. Net Position

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

M. Fund Balance

Fund Balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon use of the resources in governmental funds. The classifications are as follows:

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District first applies restricted resources when an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

3. BUDGETARY BASIS OF ACCOUNTING

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

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the General fund:

Fund Cash Balance	
	General Fund
Cash Basis	\$10,424,778
Funds Budgeted Elsewhere	(93,185)
Outstanding Encumbrances	(85,971)
Budget Basis	\$10,245,622

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting," certain funds that are legally budgeted in separate special revenue funds (uniform school supplies and public school support funds) are considered part of the General fund on the cash basis.

4. SCHOOL INCOME TAX

The District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The permanent tax was approved by the voters on May 2006, and was effective January 1, 2007. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts in the amount of \$2,891,391 were credited to the General Fund.

5. DEPOSITS AND INVESTMENTS

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

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

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

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

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

5. DEPOSITS AND INVESTMENTS – (Continued)

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

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

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

Investments

As of June 30, 2014, the District had the following investments and maturities:

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

5. DEPOSITS AND INVESTMENTS – (Continued)

Investment Type	Investment Maturities				
	Balance at Cost	Less than One Year	One to Two Years	Two to Three Years	Three to Five Years
Negotiable Certificates of Deposit	\$3,417,121	\$1,933,097	\$691,169	\$792,855	
Federal Home Loan Bank Bonds	21,936,874	17,999,483			\$3,937,391
Federal Home Loan Mortgage Association (FHLMA) Discount Notes	4,999,771	4,999,771			
Federal National Mortgage Association (FNMA) Bonds	500,838	500,838			
CNPC Finance HK LTD Commercial Paper	8,744,555	8,744,555			
Money Market Mutual Funds	304,999	304,999			
Municipal Bonds	125,261	125,261			
Total Investments	<u>\$40,029,419</u>	<u>\$34,608,004</u>	<u>\$691,169</u>	<u>\$792,855</u>	<u>\$3,937,391</u>

Interest Rate Risk – Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk – The following investments carry the highest ratings by Moody's and Standard and Poor's.

Investment Type	Moody's	Standard & Poor's
FHLB Bonds	Aaa	AAA
FHLMA Notes	Aaa	AAA
FNMA Notes	Aaa	AAA
CNPC Finance HK LTD, Commercial Paper	P1	A-1+
Municipal Bonds	AA2	

The District's investment policy authorizes the Treasurer to invest to a maximum of twenty-five percent of the District's interim funds in commercial paper notes issued by a for-profit corporation, business trust or association, real estate investment trust, common-law trust, unincorporated business or general or limited partnership which has assets exceeding \$500,000,000. Such notes must be rated at the time of purchase in the highest classification established by at least two rating services, have an aggregate value that does not exceed ten percent of the outstanding commercial paper of the issuing entity and mature within 180 days after purchase. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

5. DEPOSITS AND INVESTMENTS – (Continued)

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 investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Bank (FHLB) Bonds, Federal Home Loan Mortgage (FHLMC) Bond, Federal National Mortgage Association (FNMA) Bond, Other Securities and the Municipal Bond are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the District's name. 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 CFO/Treasurer or qualified trustee.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. The District's investments in The Federal Home Loan Bank (FHLB) Bonds, Federal Home Loan Mortgage Association (FHLMC) Discount Notes, Federal National Mortgage Association (FNMA) Bonds, CNPC Finance HK LTD Commercial Paper and the Municipal Bond represents 51 percent, 12 percent, 1 percent, 22 percent, and less than 1 percent, respectively of the of the District's total investments.

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes for 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes for 2014 were levied after April 1, 2013, on the assessed values as of December 31, 2012, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The District receives property taxes from Williams County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

6. PROPERTY TAXES – (Continued)

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second- Half Collections		2014 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$182,543,240	73%	\$183,061,200	73%
Industrial/Commercial	61,348,110	25%	61,476,020	25%
Public Utility	4,436,040	2%	4,970,160	2%
Total Assessed Value	<u>\$248,327,390</u>	<u>100%</u>	<u>\$249,507,380</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$54.10		\$61.55	

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance at 6/30/2013	Additions	Reductions	Balance at 6/30/2014
Governmental Activities:				
Land	\$684,640			\$684,640
Land Improvements	977,300	\$7,249		984,549
Buildings and Building Improvements	16,396,803	235,351		16,632,154
Furniture, Fixtures, and Equipment	3,094,995	52,238		3,147,233
Vehicles	1,533,023	167,769		1,700,792
Total Capital Assets	<u>\$22,686,761</u>	<u>\$462,607</u>		<u>\$23,149,368</u>

8. RISK MANAGEMENT

A. Comprehensive

The District maintains comprehensive insurance coverage with private carriers for general liability; property and equipment; umbrella liability coverage over employees; personal property; and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 90 percent co-insured. Settled claims have not exceeded the amount of commercial coverage in any of the past three years, and there has been no significant reduction in the amount of insurance coverage's from last year.

B. Employee Insurance Benefits Program

The District participates in the Northern Buckeye Health Plan (NBHP), Northwest Division of OHI, a self insurance pool, for insurance benefits to employees. The District pays monthly premiums to NBHP for the benefits offered to its employees, which includes health, dental, and life insurance. NBHP is responsible for the management and operations of the program. The agreement with NBHP provides for additional assessment to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from NBHP, a participant is responsible for any claims not processed and paid and any related administrative costs.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

8. RISK MANAGEMENT (Continued)

C. Workers' Compensation Group Program

The District participates in the Ohio Health Initiatives (OHI) Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 17). The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

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

9. DEFINED PENSION BENEFIT PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute an actuarially determined rate. The District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2014, 13.1 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 by the SERS' Retirement Board up to statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$410,929, \$419,536, and \$350,986 respectively; 83 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System

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

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

9. DEFINED PENSION BENEFIT PLANS – (Continued)

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 percent 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 member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. 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.

Funding Policy - For the fiscal year ended June 30, 2014, plan members are required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2014, the portion used to fund pension obligations was 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

District's required contributions for pension obligations to the STRS Ohio for the fiscal years ended June 30, 2014, 2013, and 2012 were \$1,249,606, \$1,244,863, and \$1,223,090, respectively; 84 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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 of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2014, four members of the Board of Education have selected Social Security. The contribution rate is 6.2 percent of wages.

10. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and

**BRYAN CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

10. POSTEMPLOYMENT BENEFITS (Continued)

the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2014, 0.90 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount. For 2014, the minimum compensation level was established at \$20,250. The District's SERS surcharge amount for 2014 was \$46,709.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$4,392, \$5,124, and \$42,499 respectively; 83 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$23,841, \$23,699, and \$22,587, respectively; 83 percent has been contributed for fiscal year 2014 and 100 percent for fiscal year 2013 and 2012.

B. State Teachers Retirement System

Plan Description – The District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$96,124, \$95,759, and \$94,084 respectively; 84 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

11. COMPENSATED ABSENCES

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

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rata basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to thirty percent of the accumulated sick leave for all certificated and certain non-certificated employees up to a maximum of 76.5 days. For other noncertified employees, the amount paid to an employee upon retirement is limited to twenty-five percent of the accumulated sick leave up to a maximum of 25-40 days, depending on years of service.

As of June 30, 2014, the liability for compensated absences was \$1,642,527 for the entire District.

12. LONG-TERM OBLIGATIONS

Changes in long-term obligations of the District during fiscal year 2014 were as follows:

	<u>Balance at 06/30/13</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 06/30/14</u>	<u>Amount Due In one Year</u>
Bond Anticipation Note		\$9,800,000	\$9,800,000		
School Improvement BAN Series 2014		667,891		\$667,891	\$667,891
2014A School Improvement Bonds		22,300,000		22,300,000	
2014B School Improvement Bonds		9,800,000		9,800,000	
Certificate of Participation, Series 2014		3,300,000		3,300,000	70,000
Total Long-Term Obligations		<u>\$45,867,891</u>	<u>\$9,800,000</u>	<u>\$36,067,891</u>	<u>\$737,891</u>

On November 5, 2013, the citizens of the Bryan City School District passed a bond levy for the purpose of paying a portion of the local share of school construction under the State of Ohio Classroom Facilities Assistance Program (including the construction of a new 6-12 school building, and remodeling of the middle school for grades PK-5 and demolition of Lincoln, Washington Elementary and high school buildings), including technology and site improvements, together with equipment, furnishings, landscaping and all necessary appurtenances in the principal amount of \$32,767,891 to be repaid annually over a maximum period of 28 years, and an annual levy of property taxes be made outside of the ten mill limitation estimated by the County Auditor to average over the repayment period of the bond issue 7.45 mills for each one hundred dollars of tax valuation, which amounts to seventy four and one-half cents (\$0.745) for each one hundred dollars of tax valuation, to pay the annual debt charge on bonds, and to pay debt charges on any notes issued in anticipation of those bonds.

The District issued bond anticipation note of \$9,800,000 with an interest rate of 1.625. The note was issued in December 2013 and matured on April 22, 2014.

The District had a bond anticipation note of \$667,891 with an interest rate of 1.0. The note was issued in January 2014 and will mature on July 15, 2014.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

12. LONG-TERM OBLIGATIONS – (Continued)

The District had 2014A school facilities bonds of \$22,300,000 (interest rates of 1.0 to 5.0 percent). The bonds were issued in February 2014 and will mature in January 2042.

The District had 2014B school facilities bonds of \$9,800,000 (interest rates of 1.5 to 5.0 percent). The bonds were issued in March 2014 and will mature in December 2041.

The District had certificates of participation of \$3,300,000 (interest rates of 2.0 to 4.25 percent). The certificates were issued in June 2014 and will mature in December 2040.

School Facilities Improvement Bonds, Series 2014A

Proceeds from the outstanding bonds were used for the purpose of construction, additions to and renovating and improving existing school buildings and facilities. These bonds were issued on February 12, 2014. The bonds consisted of \$22,300,000 in current interest bonds (\$13,840,000 issued as serial bonds and \$8,460,000 issued as term bonds). The serial bonds will mature on January 1, 2035. The term bonds which mature on January 1, 2042. The bonds are being retired through the Bond Retirement Debt Service Fund.

The serial bonds shall bear interest at the rates per year and will mature in the principal amounts and on the following dates:

Maturity Date (January 1)	Principal Amount	Interest Rate
2016	\$425,000	1.50%
2017	485,000	1.50%
2018	495,000	1.00%
2019	500,000	1.50%
2020	530,000	2.00%
2021	540,000	2.50%
2022	555,000	4.00%
2023	520,000	3.00%
2023	110,000	4.00%
2024	650,000	4.00%
2025	675,000	3.25%
2026	695,000	4.00%
2027	725,000	4.00%
2028	755,000	4.00%
2029	785,000	3.50%
2030	810,000	3.75%
2031	840,000	4.00%
2032	875,000	4.50%
2033	915,000	4.50%
2034	955,000	4.50%
2035	1,000,000	4.50%

**BRYAN CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

12. LONG-TERM OBLIGATIONS – (Continued)

The interest payment dates for the bonds shall be July 1 and January 1, commencing on January 1, 2015. The serial bonds shall be those bonds scheduled to mature on January 1, 2016 through 2035, and the term bonds shall be those bonds scheduled to mature January 1, 2039 and 2042.

The term bonds due January 1, 2039 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on January 1, 2036 and each January 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2036	\$1,045,000
2037	1,095,000
2038	1,150,000

Unless otherwise called for redemption, the remaining \$455,000 principal amount of the Bonds due January 1, 2039 is to be paid at stated maturity.

The term bonds due January 1, 2042 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on January 1, 2039 and each January 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2039	\$750,000
2040	1,265,000
2041	1,320,000

Unless otherwise called for redemption, the remaining \$1,380,000 principal amount of the Bonds due January 1, 2042 is to be paid at stated maturity.

Optional Redemption

The Bonds maturing on or after January 1, 2022 are subject to optional redemption prior, in whole or in part on any date in any order maturity as determined by the Board of Education and by lot within a maturity, at the option of the Board of Education on or after January 1, 2021 at par plus accrued interest thereon.

School Facilities Improvement Bonds, Series 2014B

Proceeds from the outstanding bonds were used for the purpose of construction, additions to and renovating and improving existing school buildings and facilities. These bonds were issued on March 13, 2014. The bonds consisted of \$9,800,000 in current interest bonds (\$5,160,000 issued as serial bonds and \$4,640,000 issued as term bonds). The serial bonds will mature on December 15, 2036. The term bonds which mature on December 15, 2041. The bonds are being retired through the Bond Retirement Debt Service Fund.

The serial bonds shall bear interest at the rates per year and will mature in the principal amounts and on the following dates:

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

12. LONG-TERM OBLIGATIONS – (Continued)

<u>Maturity Date (December 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015	\$85,000	1.50%
2016	30,000	1.50%
2017	30,000	1.50%
2018	30,000	1.50%
2019	20,000	1.50%
2020	30,000	2.25%
2021	30,000	2.50%
2022	70,000	3.00%
2023	70,000	3.00%
2024	75,000	3.00%
2025	175,000	3.125%
2026	180,000	3.375%
2027	180,000	4.00%
2028	290,000	4.00%
2029	305,000	4.00%
2030	320,000	4.00%
2031	435,000	4.00%
2032	455,000	4.00%
2033	470,000	4.00%
2034	600,000	4.00%
2035	625,000	4.50%
2036	655,000	4.50%

The interest payment dates for the bonds shall be June 15 and December 15, commencing on December 15, 2014. The serial bonds shall be those bonds scheduled to mature on December 15, 2015 through 2036, and the term bonds shall be those bonds scheduled to mature December 15, 2038 and 2041.

The term bonds due December 15, 2038 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 15, 2037 at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2037	\$800,000

Unless otherwise called for redemption, the remaining \$840,000 principal amount of the bonds due December 15, 2038 is to be paid at stated maturity.

The term bonds due December 15, 2041 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 15, 2039, and each December 15 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

12. LONG-TERM OBLIGATIONS – (Continued)

Year	Principal Amount to be Redeemed
2039	\$870,000
2040	1,040,000

Unless otherwise called for redemption, the remaining \$1,090,000 principal amount of the Bonds due December 15, 2041 is to be paid at stated maturity.

Optional Redemption

The Bonds maturing on or after December 15, 2021 are subject to optional redemption prior, in whole or in part on any date in any order maturity as determined by the Board of Education and by lot within a maturity, at the option of the Board of Education on or after December 15, 2020 at par plus accrued interest thereon.

Certificates of Participation, Series 2014

Proceeds from the outstanding certificates were used for the purpose of construction, additions to and renovating and improving existing school buildings and facilities. These certificates were issued on June 4, 2014. The certificates consisted of \$3,300,000 in current interest certificates (\$695,000 issued as serial certificates and \$2,605,000 issued as term certificates). The serial certificates will mature on December 15, 2021. The term certificates which mature on December 15, 2040. The certificates are being retired through the Bond Retirement Debt Service Fund.

The serial certificates bear interest payable at the rates per year and will mature in the principal amounts and on the following dates:

Maturity Date (December 15)	Principal Amount	Interest Rate
2014	\$70,000	2.00%
2015	85,000	2.00%
2016	85,000	2.00%
2017	85,000	2.00%
2018	90,000	2.00%
2019	90,000	2.00%
2020	95,000	2.50%
2021	95,000	2.75%

The term certificates maturing December 15, 2023 will be subject to mandatory sinking fund redemption in part by lot on December 15, 2022 and each December 15 thereafter (with the balance of \$100,000 to be paid at state maturity on December 15, 2023) at 100% of the principal amount so redeemed plus accrued interest to the date of redemption in the amounts set forth below:

Year	Principal Amount to be Redeemed
2022	\$95,000

The term certificates maturing December 15, 2025 will be subject to mandatory sinking fund redemption in part by

**BRYAN CITY SCHOOL DISTRICT
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(Continued)**

12. LONG-TERM OBLIGATIONS – (Continued)

lot on December 15, 2024 and each December 15 thereafter (with the balance of \$105,000 to be paid at state maturity on December 15, 2025) at 100% of the principal amount so redeemed plus accrued interest to the date of redemption in the amounts set forth below:

Year	Principal Amount to be Redeemed
2024	\$105,000

The term certificates maturing December 15, 2027 will be subject to mandatory sinking fund redemption in part by lot on December 15, 2026 and each December 15 thereafter (with the balance of \$115,000 to be paid at state maturity on December 15, 2027) at 100% of the principal amount so redeemed plus accrued interest to the date of redemption in the amounts set forth below:

Year	Principal Amount to be Redeemed
2026	\$110,000

The term certificates maturing December 15, 2029 will be subject to mandatory sinking fund redemption in part by lot on December 15, 2028 and each December 15 thereafter (with the balance of \$125,000 to be paid at state maturity on December 15, 2029) at 100% of the principal amount so redeemed plus accrued interest to the date of redemption in the amounts set forth below:

Year	Principal Amount to be Redeemed
2028	\$120,000

The term certificates maturing December 15, 2031 will be subject to mandatory sinking fund redemption in part by lot on December 15, 2030 and each December 15 thereafter (with the balance of \$135,000 to be paid at state maturity on December 15, 2031) at 100% of the principal amount so redeemed plus accrued interest to the date of redemption in the amounts set forth below:

Year	Principal Amount to be Redeemed
2030	\$130,000

The term certificates maturing December 15, 2033 will be subject to mandatory sinking fund redemption in part by lot on December 15, 2032 and each December 15 thereafter (with the balance of \$145,000 to be paid at state maturity on December 15, 2033) at 100% of the principal amount so redeemed plus accrued interest to the date of redemption in the amounts set forth below:

Year	Principal Amount to be Redeemed
2032	\$140,000

The term certificates maturing December 15, 2035 will be subject to mandatory sinking fund redemption in part by lot on December 15, 2034 and each December 15 thereafter (with the balance of \$155,000 to be paid at state maturity on December 15, 2035) at 100% of the principal amount so redeemed plus accrued interest to the date of redemption in the amounts set forth below:

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

12. LONG-TERM OBLIGATIONS – (Continued)

Year	Principal Amount to be Redeemed
2034	\$150,000

The term certificates maturing December 15, 2038 will be subject to mandatory sinking fund redemption in part by lot on December 15, 2036 and each December 15 thereafter (with the balance of \$175,000 to be paid at state maturity on December 15, 2038) at 100% of the principal amount so redeemed plus accrued interest to the date of redemption in the amounts set forth below:

Year	Principal Amount to be Redeemed
2036	\$160,000
2037	170,000

The term certificates maturing December 15, 2040 will be subject to mandatory sinking fund redemption in part by lot on December 15, 2039 and each December 15 thereafter (with the balance of \$190,000 to be paid at state maturity on December 15, 2040) at 100% of the principal amount so redeemed plus accrued interest to the date of redemption in the amounts set forth below:

Year	Principal Amount to be Redeemed
2039	\$180,000

Optional Redemption

The certificates maturing on or after December 15, 2023 are subject to redemption, in whole or in part, prior to their stated maturity, after the exercise by the School District of its option to purchase the Project, as provided in the Lease, on any Payment Date on and after December 15, 2021 at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the date fixed for redemption.

Total expenditures for interest for the above debt for the period ended June 30, 2014 was \$49,544.

The scheduled payments of principal and interest on the bonds and notes as of June 30, 2014 are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$737,891	\$1,437,064	\$2,174,955
2016	595,000	1,421,391	2,016,391
2017	600,000	1,412,454	2,012,454
2018	610,000	1,403,029	2,013,029
2019	620,000	1,395,879	2,015,879
2020 – 2024	3,600,000	6,750,463	10,350,463
2025 – 2029	5,090,000	6,011,309	11,101,309
2030 – 2034	7,055,000	4,854,531	11,909,531
2035 - 2039	9,825,000	3,041,690	12,866,690
2040 - 2042	7,335,000	613,963	7,948,963

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

	\$36,067,891	\$28,341,773	\$64,409,664
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13. CAPITALIZED LEASES - LESSEE DISCLOSURE

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

These expenditures are reflected as program/function expenditures on the accompanying financial statements. Principal payments in the 2014 fiscal year totaled \$168,942.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2014:

General Long-Term Obligations	
<u>Year Ending June 30,</u>	<u>Equipment</u>
2015	\$134,668
2016	89,763
2017	39,763
Total Future Minimum Lease Payments	264,194
Less: Amount Representing Interest	(12,480)
Present Value of Future Minimum Lease Payments	\$251,714

14. SET-ASIDE CALCULATIONS AND FUND RESERVES

The District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

	Capital Acquisition
Set-Aside Cash Balance as of June 30, 2013	
Current Year Set-Aside Requirements	\$329,949
Current Year Offsets	(\$329,949)
Qualifying Disbursements	_____
Total	_____
Cash Balance Carried Forward To FY 2015	_____

15. CONTINGENCIES

A. Federal and State Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

15. CONTINGENCIES – (Continued)

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2014.

B. Litigation

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

16. JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Computer Association

The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, and Williams Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Total disbursements made by the District to NWOCA during this fiscal year were \$72,279. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among various educational entities located in Defiance, Fulton, Henry, and Williams counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the four counties, in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. To obtain financial information, write to the Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

C. Four County Career Center

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

D. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials and provide opportunities for training. The NOERC serves a twenty-five

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

16. JOINTLY GOVERNED ORGANIZATIONS – (Continued)

county area of Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., P.O. Box 456, Ashland, Ohio 44805.

E. Northwest Ohio Special Education Regional Resource Center

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

F. Northwest Ohio Regional Professional Development Center

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

17. INSURANCE POOLS

A. Employee Insurance Benefits Program

The District participates in a group health insurance pool through the Optimal Health Initiative Consortium (OHI) Insurance Benefits Program (the Pool) is a public entity shared risk pool consisting of educational entities throughout the state. The Pool is governed by OHI and its participating members. The District contributed a total of \$2,218,818 to Northern Buckeye Health Plan, Northwest Division of OHI for all four plans. Financial information for the period can be obtained from Jenny Jostworth, Treasurer, at 10999 Reed Hartman Hwy., Suite 304E, Cincinnati, OH 45242.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

17. INSURANCE POOLS – (Continued)

B. Workers' Compensation Group Rating Plan

The District participates in a group-rating plan for workers' compensation as established under §4123.29 of the Ohio Revised Code. The Ohio Health Initiatives (OHI) Workers' Compensation Group Rating Plan (WCGRP) was established through the Ohio Health Initiatives (OHI) as a group purchasing pool. The group was formed to create a workers' compensation group rating plan which would allow employers to group together to achieve a potentially lower premium rate than they may otherwise be able to acquire as individual employers. The Optimal Health Initiatives has created a workers' compensation group rating and risk management program which will potentially reduce the workers' compensation premiums for the District.

Optimal Health Initiatives has retained Sheakley UniService as the servicing agent to perform administrative, actuarial, cost control, claims, and safety consulting services and unemployment claims services for program participants. During this fiscal year, the District paid an enrollment fee of \$2,383 to WCGRP to cover the costs of administering the program.

18. INTERFUND TRANSACTIONS

During the year ended June 30, 2014, \$44,966 was transferred from the General Fund to the Permanent Improvement fund to subsidize capital improvements. In addition, \$2,750,000 was transferred from the Permanent Improvement fund to the Classroom Facilities Assistance Program Project fund. The amount will be used to fund a portion of the District's local share of the school building project.

19. CHANGE IN ACCOUNTING PRINCIPLE

For 2014, the District implemented Governmental Accounting Standard Board (GASB) Statement No. 67, *"Financial Reporting of Pension Plans"* and Governmental Accounting Standard Board (GASB) Statement No. 70 *"Accounting and Financial Reporting for Nonexchange Financial Guarantees."*

GASB Statement No. 67, Financial Reporting for Pension Plans. This Statement replaces the requirements of Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and Statement 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria.

The Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position.

GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. The statement provides accounting and financial reporting guidance to state and local governments that offer non-exchange financial guarantees to others and for governments that receive guarantees on their obligations.

A non-exchange transaction occurs when a government gives value or benefit, such as providing a guarantee of an obligation, to another party without receiving equal value in exchange. Because no value is exchanged, the transaction is not often recorded on the financial statements of the government. However, GASB 70 now defines circumstances that require the government to recognize a liability. The statement addresses the guarantee of an obligation by the government entity with a legally separate entity or individual, including another government, a not-for profit organization, a private entity or blended or discretely presented component unit.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

These changes were incorporated in the District's fiscal year 2014 financial statements; however, there was no effect on beginning net position/fund balance.

20. FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balance</u>	<u>General</u>	<u>Bond Retirement</u>	<u>Classroom Facilities Assistance Program Project Fund</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Restricted for:					
Regular Instruction				\$21,357	\$21,357
Special Instruction				128,327	128,327
Athletics				209,944	209,944
Food Service Operations				92,051	92,051
Facilities Maintenance				74,459	74,459
Debt Retirement		\$943,089			943,089
Building Construction			\$36,439,453	2,277,174	38,716,627
Total Restricted		943,089	36,439,453	2,803,312	40,185,854
Committed for:					
Permanent Improvements				2,007,759	2,007,759
Assigned for:					
Educational Activities	\$93,185				\$93,185
Unpaid Obligations (encumbrances)	85,971				85,971
Total Assigned	179,156				179,156
Unassigned	10,245,622				10,245,622
Total Fund Balance	\$10,424,778	\$943,089	\$36,439,453	\$4,811,071	\$52,618,391

21. RELATED PARTY TRANSACTIONS

Thomas Lingvai, a Board Member, is owner of Lingvai Excavating, a local company who performed various repair and construction projects to the District's grounds in 2014. The District remitted \$10,600 during 2014. The projects were approved at arm's length, with full knowledge by District officials, of Mr. Lingvai's interest, and Mr. Lingvai took no part in the deliberation or decision by District officials with respect to the projects.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program - Cash Assistance	10.553	\$64,673	\$64,673
National School Lunch Program	10.555		
Cash Assistance		348,788	348,788
Non- Cash Assistance (Food Distribution)		42,725	42,725
Total National School Lunch Program		<u>391,513</u>	<u>391,513</u>
Total U.S. Department of Agriculture		<u>456,186</u>	<u>456,186</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
<u>Special Education Cluster:</u>			
Special Education Grants to States	84.027	373,500	378,638
Special Education Preschool Grants	84.173	18,469	20,697
Total Special Education Cluster		<u>391,969</u>	<u>399,335</u>
English Language Acquisition State Grants	84.365	899	899
ARRA - Race-to-the-Top Incentive Grants, Recovery Act	84.395	32,976	33,675
Title I Grants to Local Educational Agencies	84.010	369,164	366,219
Improving Teacher Quality State Grants	84.367	65,268	67,476
21st Century Grant	84.287	<u>200,000</u>	<u>146,405</u>
Total U.S. Department of Education		<u>1,060,276</u>	<u>1,014,009</u>
Totals		<u>\$1,516,462</u>	<u>\$1,470,195</u>

The accompanying notes are an integral part of this schedule.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipt and Expenditure (the Schedule) reports Bryan City School District (the District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - SUBRECIPIENTS

The District passes certain federal awards received from Ohio Department of Education to other governments or not-for-profit agencies (subrecipients). As Note A describes, the District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals. The amount passed through to subrecipients was \$899.

NOTE C - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE D – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bryan City School District, Williams County, Ohio, (the County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 6, 2014, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-002 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of

noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-001.

Entity's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dave Yost
Auditor of State

Columbus, Ohio

November 6, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited Bryan City School District, Williams County, Ohio's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Bryan City School District, Williams County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Dave Yost
Auditor of State

Columbus, Ohio

November 6, 2014

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Title I Grants to Local Educational Agencies CFDA - #84.010 Special Education Cluster Grants to State (IDEA, Part B) CFDA - #84.027 and (IDEA Preschool) CFDA - #84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2014-001

Noncompliance Citation

Ohio Rev. Code § 117.38 provides each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Admin. Code § 117-2-03 further clarifies the requirements of **Ohio Rev. Code § 117.38**, requires the District to file annual financial reports which are prepared using generally accepted accounting principles.

The District prepared its financial statements on a cash basis of accounting in format similar to financial statements prescribed by Governmental Accounting Standard No. 34. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between the District's accounting practice and GAAP, which presumably material, cannot be reasonably. The District can be fined and various other administrative remedies may be taken against the District.

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

Officials' Response:

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

FINDING NUMBER 2014-002

Material Weakness – Cash and Investments

The District's accounting policy for cash and investments provides that investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

The District purchased \$3,937,391 in federal agency securities with proceeds from the Construction Facilities Assistance Program Project fund. These securities all had maturities greater than three months.

These securities were recorded as cash equivalents on the financial statements instead of investments.

Adjustments were recorded on the financial statements to present these securities as investments. We recommend all investments be compared with the District's accounting policy for cash and investments to determine proper disclosure.

Officials' Response:

We did not receive a response from Officials to this finding.

3. FINDINGS FOR FEDERAL AWARDS

None

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03 (B) for not preparing its annual financial report in accordance with generally accepted accounting principles.	No	Not Corrected. Reissued as finding 2014-001 in this report.
2013-002	Finding for Recovery Repaid Under Audit in the amount of \$450.	Yes	
2013-003	2 CFR Part 225, Attachment B, Section 8 (h)(4) for federal questioned costs of \$11,634 paid from Title I funds.	Yes	