



Dave Yost • Auditor of State

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

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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, 2015, 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, 2015, 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. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental Information

We audited to opine on the District's financial statements that collectively comprise its basic financial statements. The Schedule of Federal Award Receipts and Expenditures 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.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this 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, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

We applied no procedures to the Management's Discussion and Analysis listed in the table of contents. Accordingly, 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 December 16, 2015, 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

December 16, 2015

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2015
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, 2015. 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 2015 are as follows:

In total, net position increased \$2,908,903.

General receipts accounted for \$27,230,366, or 87 percent of all receipts. Program specific receipts in the form of charges for services and sales and operating grants and contributions accounted for \$3,980,289 or 13 percent of total receipts of \$31,210,655.

The District's major funds included the General fund and the Classroom Facilities Assistance Program Project fund. The General fund had \$19,956,721 in receipts and other financing sources and \$19,279,169 in disbursements and other financing uses. The General fund's balance increased \$677,552 from the prior fiscal year.

The Classroom Facilities Assistance Program Project fund had \$5,720,971 in receipts and \$4,266,228 in disbursements and other financing uses. The Classroom Facilities Assistance Program fund's balance increased \$1,454,743 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 and the Classroom Facilities Assistance Program Project Fund are the two 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 2015. 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, 2015
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 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 2015 compared to fiscal year 2014 on a cash basis.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)**

**Table 1
Net Position
Governmental Activities**

	<u>2015</u>	<u>2014</u>
Assets:		
Current and Other Assets	\$55,527,294	\$52,618,391
Net Position:		
Restricted for Debt Service	\$426,686	\$943,089
Restricted for Capital Outlay	43,357,999	40,724,386
Restricted for Other Purposes	700,207	586,066
Unrestricted	11,042,402	10,364,850
Total	<u>\$55,527,294</u>	<u>\$52,618,391</u>

As mentioned previously, net position of governmental activities increased \$2,908,903 or approximately 6 percent during 2015. The grants and entitlements were the primary reason attributing to the increase net position.

Table 2 reflects the changes in net position for fiscal year 2015 compared to fiscal year 2014.

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

	<u>2015</u>	<u>2014</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$1,989,024	\$1,817,555
Operating Grants and Contributions	1,991,265	1,743,382
Total Program Receipts	<u>3,980,289</u>	<u>3,560,937</u>
General Receipts:		
Property Taxes	9,308,647	8,490,022
Income Taxes	2,879,646	2,891,391
Grants and Entitlements	14,706,221	8,424,622
Gifts and Donations	16,051	23,754
Investment Earnings	193,522	81,952
Miscellaneous	36,029	48,756
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	4,351	464,588
Proceeds from Sale of Capital Assets	2,459	2,000
Refund of Prior Year Disbursements	83,440	77,484
General Receipts	<u>27,230,366</u>	<u>66,362,497</u>
Total Receipts	<u>31,210,655</u>	<u>69,923,434</u>

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)**

<u>Disbursements:</u>		
Instruction	13,913,353	13,145,386
Support Services:		
Pupils	1,076,781	1,059,909
Instructional Staff	788,612	659,752
Board of Education	22,514	20,261
Administration	1,531,653	1,545,780
Fiscal	526,224	480,067
Business	71,613	52,388
Operation and Maintenance of Plant	1,528,045	1,493,746
Pupil Transportation	882,862	883,705
Central	356,416	340,691
Non-Instructional Services	838,830	827,434
Extracurricular Activities	871,888	786,593
Capital Outlay	3,274,637	215,338
Debt Service:		
Principal	737,891	9,800,000
Issuance Costs		414,589
Interest and Fiscal Charges	1,880,433	49,544
Total Disbursements	<u>28,301,752</u>	<u>31,775,183</u>
Increase in Net Position	<u>\$2,908,903</u>	<u>\$38,148,251</u>

Program receipts account for 13 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 49 percent of all governmental disbursements. Debt service payments accounts for 9 percent. Capital outlay accounts for 12%. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 10 percent of governmental disbursements. Maintenance of the District's facilities also represents a significant disbursement of 5 percent. The remaining 15 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 decreased \$38,712,779 (approximately 55.4 percent) primarily due to a decrease in proceeds from bonds and notes. Overall disbursements decreased \$3,473,431 more than 10 percent) which is primarily to a decrease 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, 2015
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>2015</u>	<u>2015</u>	<u>2014</u>	<u>2014</u>
Instruction	\$13,913,353	\$11,367,467	\$13,145,386	\$10,890,579
Support Services:				
Pupils	1,076,781	1,071,606	1,059,909	1,052,359
Instructional Staff	788,612	753,990	659,752	628,374
Board of Education	22,514	22,514	20,261	20,261
Administration	1,531,653	1,521,283	1,545,780	1,537,514
Fiscal	526,224	524,561	480,067	480,067
Business	71,613	71,613	52,388	52,388
Operation and Maintenance of Plant	1,528,045	1,406,201	1,493,746	1,371,564
Pupil Transportation	882,862	852,643	883,705	868,653
Central	356,416	349,216	340,691	331,691
Non-Instructional Services	838,830	816	827,434	34,669
Extracurricular Activities	871,888	486,622	786,593	466,656
Capital Outlay	3,274,637	3,274,637	215,338	215,338
Debt Service:				
Principal	737,891	737,891	9,800,000	9,800,000
Issuance Costs			414,589	414,589
Interest and Fiscal Charges	1,880,433	1,880,433	49,544	49,544
Total Disbursements	<u>\$28,301,752</u>	<u>\$24,321,463</u>	<u>\$31,775,183</u>	<u>\$28,214,246</u>

The dependence upon tax receipts and unrestricted state entitlements for governmental activities is apparent. Over 81 percent of instruction activities are supported through taxes and other general receipts. For all governmental activities, support from general receipts is 86 percent. The remaining 14 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 and the Classroom Facilities Assistance Program Project fund. Total governmental funds had receipts and other financing sources of \$32,429,028 and disbursements and other financing uses of \$29,520,125. The net change in fund balance in the General fund reflects an increase of \$677,552. This was primarily due to an increase in intergovernmental revenues of approximately \$810,376 and an increase of overall disbursements of \$810,390 (a difference of 4.4%) from 2014.

The net change in fund balance in the Classroom Facilities Assistance Program Project fund was an increase of \$1,454,743 due to the receipt of \$5.6 million in intergovernmental revenue 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, 2015
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 2015, the District amended its General fund budget as needed.

Final estimated receipts exceeded original estimated resources by \$237,646 (1 percent) primarily due to unexpected increases in tuition and fees 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 \$4,147 (less than 1 percent). This was due to a decrease in expected disbursements. Final disbursements and other financing uses were budgeted at \$19,630,358 while actual disbursements and other financing uses were \$19,244,047. The \$386,311 difference (less than 2%) 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 \$3,274,637 during fiscal year 2015.

Debt Administration

At June 30, 2015, the District had \$35,330,000 in school improvement general obligation bonds for construction and building improvements and \$190,558 for capital leases.

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 \$3,230,000 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 Permanent Improvement Fund.

At June 30, 2015, the District's long term obligations, included capital leases of \$190,558, down 24 percent from the end of fiscal year 2014. 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 15, 2015, July 15, 2016, and July 10, 2017. One leased matured prior to fiscal year end.

At June 30, 2015, the District's overall legal debt margin was (\$12,811,485), with an un-voted debt margin of \$250,205.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2015
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 \$19,223,000 over the last seven years, an average of \$2,746,000 per year. In FY2015, the income tax revenue totaled \$2,880,000.

The District is currently operating in the second year of the state biennium. Forty nine percent (49%) of the District revenue sources are from local funds, forty six percent (46%) from state funds and the remaining five percent (5%) is from federal funds. The total expenditure per pupil was calculated at \$10,271.

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, 2015**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 21,599,829
Investments	<u>33,927,465</u>
<i>Total Assets</i>	<u><u>\$ 55,527,294</u></u>
Net Position:	
Restricted for Debt Service	\$ 426,686
Restricted for Capital Outlay	43,357,999
Restricted for Other Purposes	700,207
Unrestricted	<u>11,042,402</u>
<i>Total Net Position</i>	<u><u>\$ 55,527,294</u></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, 2015**

	<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	\$ 9,730,834	\$ 822,184	\$ 569,023	\$ (8,339,627)
Special	4,069,382	296,487	845,713	(2,927,182)
Vocational	84,932		12,509	(72,423)
Student Intervention Services	28,205			(28,205)
Support Services:				
Pupils	1,076,781		5,175	(1,071,606)
Instructional Staff	788,612		34,622	(753,990)
Board of Education	22,514			(22,514)
Administration	1,531,653		10,370	(1,521,283)
Fiscal	526,224		1,663	(524,561)
Business	71,613			(71,613)
Operation and Maintenance of Plant	1,528,045	121,844		(1,406,201)
Pupil Transportation	882,862		30,219	(852,643)
Central	356,416		7,200	(349,216)
Operation of Non-Instructional Services	838,830	398,456	439,558	(816)
Extracurricular Activities	871,888	350,053	35,213	(486,622)
Capital Outlay	3,274,637			(3,274,637)
Debt Service:				
Principal	737,891			(737,891)
Interest and Fiscal Charges	1,880,433			(1,880,433)
Totals	\$ 28,301,752	\$ 1,989,024	\$ 1,991,265	\$ (24,321,463)

General Receipts:

Taxes:	
Property Taxes, Levied for General Purposes	6,498,282
Property Taxes, Levied for Capital Outlay	845,133
Property Taxes, Levied for Debt Service	1,856,882
Property Taxes, Levied for Building Maintenance	108,350
Income Taxes	2,879,646
Grants and Entitlements not Restricted to Specific Programs	14,706,221
Gifts and Donations	16,051
Investment Earnings	193,522
Miscellaneous	36,029
Other Notes Issued	4,351
Proceeds from Sale of Capital Assets	2,459
Refund of Prior Year Expenditures	83,440
Total General Receipts	27,230,366
Change in Net Position	2,908,903
Net Position Beginning of Year	52,618,391
Net Position End of Year	\$ 55,527,294

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, 2015**

	General Fund	Classroom Facilities Assistance Program Project Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 11,102,330	\$ 7,282,764	\$ 3,213,803	\$ 21,598,897
Investments		30,611,432	3,316,965	33,928,397
<i>Total Assets</i>	<u>\$ 11,102,330</u>	<u>\$ 37,894,196</u>	<u>\$ 6,530,768</u>	<u>\$ 55,527,294</u>
Fund Balances:				
Restricted		\$ 37,894,196	\$ 4,382,998	\$ 42,277,194
Committed			2,147,770	2,147,770
Assigned	\$ 191,277			191,277
Unassigned	10,911,053			10,911,053
<i>Total Fund Balances</i>	<u>\$ 11,102,330</u>	<u>\$ 37,894,196</u>	<u>\$ 6,530,768</u>	<u>\$ 55,527,294</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, 2015**

	<u>General Fund</u>	<u>Classroom Facilities Assistance Program Project Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:				
Property and Other Local Taxes	\$ 6,498,282		\$ 2,810,365	\$ 9,308,647
Income Taxes	2,879,646			2,879,646
Intergovernmental	9,064,670	\$ 5,612,275	1,985,042	16,661,987
Investment Earnings	75,147	108,696	9,965	193,808
Tuition and Fees	1,118,671			1,118,671
Rent	121,844			121,844
Extracurricular Activities	75,258		260,820	336,078
Gifts and Donations	16,051		35,213	51,264
Customer Sales and Services			398,456	398,456
Miscellaneous	32,189		17,815	50,004
<i>Total Receipts</i>	<u>19,881,758</u>	<u>5,720,971</u>	<u>5,517,676</u>	<u>31,120,405</u>
Disbursements:				
Current:				
Instruction:				
Regular	9,353,346		377,488	9,730,834
Special	3,277,788		791,594	4,069,382
Vocational	84,932			84,932
Student Intervention Services	28,205			28,205
Support Services:				
Pupils	1,071,606		5,175	1,076,781
Instructional Staff	403,378		385,234	788,612
Board of Education	22,514			22,514
Administration	1,491,220		40,433	1,531,653
Fiscal	441,962	34,684	49,578	526,224
Business	71,613			71,613
Operation and Maintenance of Plant	1,417,298		110,747	1,528,045
Pupil Transportation	701,040		181,822	882,862
Central	343,731		12,685	356,416
Operation of Non-Instructional Services			838,830	838,830
Extracurricular Activities	528,267		343,621	871,888
Capital Outlay		3,055,440	219,197	3,274,637
Debt Service:				
Principal			737,891	737,891
Interest			1,880,433	1,880,433
<i>Total Disbursements</i>	<u>19,236,900</u>	<u>3,090,124</u>	<u>5,974,728</u>	<u>28,301,752</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>644,858</u>	<u>2,630,847</u>	<u>(457,052)</u>	<u>2,818,653</u>
Other Financing Sources and (Uses):				
Transfers In			1,218,373	1,218,373
Other Notes Issued			4,351	4,351
Proceeds from Sale of Capital Assets			2,459	2,459
Refund of Prior Year Expenditures	74,963		8,477	83,440
Transfers Out	(42,269)	(1,176,104)		(1,218,373)
<i>Total Other Financing Sources and (Uses)</i>	<u>32,694</u>	<u>(1,176,104)</u>	<u>1,233,660</u>	<u>90,250</u>
<i>Net Change in Fund Balances</i>	677,552	1,454,743	776,608	2,908,903
Fund Balances at Beginning of Year	10,424,778	36,439,453	5,754,160	52,618,391
<i>Fund Balances at End of Year</i>	<u>\$ 11,102,330</u>	<u>\$ 37,894,196</u>	<u>\$ 6,530,768</u>	<u>\$ 55,527,294</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, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Receipts:				
Property and Other Local Taxes	\$ 6,500,000	\$ 6,500,000	\$ 6,498,282	\$ (1,718)
Income Tax	2,845,000	2,879,600	2,879,646	46
Intergovernmental	8,962,500	8,970,633	9,064,670	94,037
Investment Earnings	60,000	60,000	75,147	15,147
Tuition and Fees	973,000	1,062,300	1,030,838	(31,462)
Rent	123,000	120,475	121,844	1,369
Extracurricular Activities	27,000	29,825	29,875	50
Gifts and Donations	4,500	16,051	16,051	
Miscellaneous	11,300	32,100	32,189	89
<i>Total Receipts</i>	<u>19,506,300</u>	<u>19,670,984</u>	<u>19,748,542</u>	<u>77,558</u>
Disbursements:				
Current:				
Instruction:				
Regular	9,270,393	9,400,671	9,268,337	132,334
Special	3,285,912	3,338,739	3,278,128	60,611
Vocational	85,734	85,627	84,932	695
Student Intervention Services	27,444	31,244	31,244	
Support Services:				
Pupils	1,084,814	1,107,242	1,088,687	18,555
Instructional Staff	423,360	407,944	403,378	4,566
Board of Education	25,635	25,056	22,514	2,542
Administration	1,608,183	1,547,672	1,508,423	39,249
Fiscal	486,129	448,431	445,476	2,955
Business	77,062	78,762	72,617	6,145
Operation and Maintenance of Plant	1,544,739	1,485,325	1,459,649	25,676
Pupil Transportation	701,967	715,814	706,882	8,932
Central	368,368	363,524	349,488	14,036
Extracurricular Activities	506,765	498,964	482,023	16,941
<i>Total Disbursements</i>	<u>19,496,505</u>	<u>19,535,015</u>	<u>19,201,778</u>	<u>333,237</u>
<i>Excess of Receipts Over Disbursements</i>	<u>9,795</u>	<u>135,969</u>	<u>546,764</u>	<u>410,795</u>
Other Financing Sources and (Uses):				
Refund of Prior Year Expenditures	2,000	74,962	74,963	1
Transfers Out	(38,000)	(42,270)	(42,269)	1
Other Financing Uses	(100,000)	(53,073)		53,073
<i>Total Other Financing Sources and (Uses)</i>	<u>(136,000)</u>	<u>(20,381)</u>	<u>32,694</u>	<u>53,075</u>
<i>Net Change in Fund Balances</i>	(126,205)	115,588	579,458	463,870
<i>Fund Balance at Beginning of Year</i>	10,245,622	10,245,622	10,245,622	
Prior Year Encumbrances Appropriated	85,971	85,971	85,971	
<i>Fund Balance at End of Year</i>	<u>\$ 10,205,388</u>	<u>\$ 10,447,181</u>	<u>\$ 10,911,051</u>	<u>\$ 463,870</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, 2015

	<u>Agency Fund</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ <u>55,692</u>
Liabilities:	
Held on Behalf of Students	\$ <u>55,692</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, 2015**

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 92 non-certified and 165 certified full-time teaching personnel who provide services to 1,944 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 Regional 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**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015 (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**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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 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.

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.

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.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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 2015, investments were limited to negotiable certificates of deposits, federal agency securities, municipal securities, commercial paper notes, and money market mutual funds. Investments in certificates of deposit, federal agency, municipal securities, and commercial paper notes are reported at cost. The District's money market mutual funds are recorded at the amounts reported by Morgan Stanley at June 30, 2015.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 2015 amounted to \$75,147, which includes \$18,787 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. Pension

For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

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.

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

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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).

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

3. BUDGETARY BASIS OF ACCOUNTING - (Continued)

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	\$11,102,330
Funds Budgeted Elsewhere	(90,429)
Outstanding Encumbrances	(100,850)
Budget Basis	<u>\$10,911,051</u>

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 in 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 \$2,879,646 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**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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 training 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, 2015, the District had the following investments and maturities:

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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	\$6,465,428	\$3,119,703	\$1,452,109	\$1,226,837	\$666,779
Federal Home Loan Bank (FHLB) Bonds	7,189,578	1,850,227	\$5,088,101		\$251,250
Federal Home Loan Mortgage Association (FHLMA) Notes	3,756,882		3,756,882		
Federal National Mortgage Association (FNMA) Bonds	1,148,080		1,148,080		
Commercial Paper	14,928,258	14,928,258			
Money Market Mutual Funds	489,674	489,674			
Federal Farm Credit Bank (FFCB) Notes	4,048,393	3,297,338	751,054		
Total Investments	<u>\$38,026,293</u>	<u>\$23,685,201</u>	<u>\$12,196,226</u>	<u>\$1,226,837</u>	<u>\$918,029</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 270 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
Commercial Paper	P1	A-1+
FFCB Notes	Aaa	AAA

The District's investment policy authorizes the Treasurer to invest to a maximum of forty 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 270 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**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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) Notes, Federal National Mortgage Association (FNMA) Notes, Federal Farm Credit Notes, 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 (FHLMA) Notes, Federal National Mortgage Association (FNMA) Notes, Commercial Paper and the Federal Farm Credit Bank Notes represents 18 percent, 10 percent, 3 percent, 39 percent, and 11 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 2015 represent the collection of calendar year 2014 taxes. Real property taxes for 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, 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 2015 were levied after April 1, 2014, on the assessed values as of December 31, 2013, 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, 2015, are available to finance fiscal year 2015 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

6. PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second- Half Collections		2015 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$183,061,200	73%	\$183,336,290	73%
Industrial/Commercial	61,476,020	25%	61,798,810	25%
Public Utility	4,970,160	2%	5,070,620	2%
Total Assessed Value	<u>\$249,507,380</u>	<u>100%</u>	<u>\$250,205,720</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$61.55		\$61.55	

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance at 6/30/2014	Additions	Reductions	Balance at 6/30/2015
Governmental Activities:				
Land	\$684,640			\$684,640
Construction in Progress		\$3,198,099		3,198,099
Land Improvements	984,549	13,819		998,368
Buildings and Building Improvements	16,632,154			16,632,154
Furniture, Fixtures, and Equipment	3,147,233	96,802	\$873,086	2,370,949
Vehicles	1,700,792	203,426	207,928	1,696,290
Total Capital Assets	<u>\$23,149,368</u>	<u>\$3,512,146</u>	<u>\$1,081,014</u>	<u>\$25,580,500</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**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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

Net Pension Liability

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68" were effective. These GASB pronouncements had no effect on beginning net position as reported June 30, 2014, as the net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below.

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

9. DEFINED PENSION BENEFIT PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

Plan Description – District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; c Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; c Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$422,105 for fiscal year 2015.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

9. DEFINED PENSION BENEFIT PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description – District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five year of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**BRYAN CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

9. DEFINED PENSION BENEFIT PLANS - (Continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$1,372,085 for fiscal year 2015.

Net Pension Liability

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$4,758,197	\$22,226,195	\$26,984,392
Proportion of the Net Pension Liability	0.094018%	0.0913776%	

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

9. DEFINED PENSION BENEFIT PLANS - (Continued)

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
 Total	 <u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

9. DEFINED PENSION BENEFIT PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$6,788,534	\$4,758,197	\$3,050,509

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, or later, 2 percent COLA paid on fifth anniversary of retirement date

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

9. DEFINED PENSION BENEFIT PLANS - (Continued)

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease █ (6.75%)	Current Discount Rate █ (7.75%)	1% Increase █ (8.75%)
School District's proportionate share of the net pension liability	\$31,819,221	\$22,226,195	\$14,113,723

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, 2015, 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 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

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

10. POSTEMPLOYMENT BENEFITS - (Continued)

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 2015, 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 2015, the minimum compensation level was established at \$20,450. The District's SERS surcharge amount for 2015 was \$47,756.

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, 2015, 2014, and 2013 were \$24,723, \$4,392, and \$5,124 respectively; 94 percent has been contributed for fiscal year 2015 and 100 percent for fiscal years 2014 and 2013.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2015, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2015, 2014, and 2013 were \$22,311, \$23,841, and \$23,699, respectively; 94 percent has been contributed for fiscal year 2015 and 100 percent for fiscal year 2014 and 2013.

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 2015, STRS Ohio allocated employer contributions equal to 83 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$98,006, \$96,124, and \$95,759 respectively; 83 percent has been contributed for fiscal year 2015 and 100 percent for fiscal years 2014 and 2013.

**BRYAN CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(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, 2015, the liability for compensated absences was \$1,412,639 for the entire District.

12. LONG-TERM OBLIGATIONS

Changes in long-term obligations of the District during fiscal year 2015 were as follows:

	<u>Balance at 06/30/14</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 06/30/15</u>	<u>Amount Due In one Year</u>
Bond Anticipation Note					
School Improvement BAN Series 2014	\$667,891		\$667,891		
2014A School Improvement Bonds	22,300,000			\$22,300,000	\$425,000
2014B School Improvement Bonds	9,800,000			9,800,000	85,000
Certificate of Participation, Series 2014	3,300,000		70,000	3,230,000	85,000
Total Long-Term Obligations	<u>\$36,067,891</u>		<u>\$737,891</u>	<u>\$35,330,000</u>	<u>\$595,000</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 had a bond anticipation note of \$667,891 with an interest rate of 1.0. The note was issued in January 2014 and matured on July 15, 2014.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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
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

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

12. LONG-TERM OBLIGATIONS - (Continued)

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

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
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:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
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:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
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:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
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:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
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**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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, 2015 was \$1,880,433.

The scheduled payments of principal and interest on the bonds and notes as of June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$595,000	\$1,418,204	\$2,013,204
2017	600,000	1,408,816	2,008,816
2018	610,000	1,400,554	2,010,554
2019	620,000	1,392,129	2,012,129
2020	640,000	1,380,904	2,020,904
2021 – 2025	3,815,000	6,585,606	10,400,606
2026 – 2030	5,475,000	5,744,903	11,219,903
2031 – 2035	7,565,000	4,454,144	12,019,144
2036 - 2040	10,390,000	2,441,442	12,831,442
2041 - 2042	5,020,000	234,637	5,254,637
Total	\$35,330,000	\$26,461,339	\$61,791,339

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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 2015 fiscal year totaled \$151,333.

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, 2015:

General Long-Term Obligations	
<u>Year Ending June 30,</u>	<u>Equipment</u>
2016	\$114,085
2017	64,086
2018	24,323
Total Future Minimum Lease Payments	202,494
Less: Amount Representing Interest	(11,936)
Present Value of Future Minimum Lease Payments	\$190,558

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, 2014	
Current Year Set-Aside Requirements	\$337,599
Current Year Offsets	(\$337,599)
Qualifying Disbursements	_____
Total	_____
Cash Balance Carried Forward To FY 2016	_____

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. 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, 2015.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

15. CONTINGENCIES - (Continued)

B. School Foundation

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015, foundation funding for the District, therefore, any financial statement impact is not determinable at this time.

C. 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 \$79,868. 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 Connie Nicely, Treasurer, at the Four County Career Center, at Route 1, Box 245A, Archbold, Ohio 43502.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

16. JOINTLY GOVERNED ORGANIZATIONS - (Continued)

D. Northwestern Ohio Educational Research Council, Inc.

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

E. Northwest Ohio Special Education Regional Resource Center

The Northwest Ohio Special Education Regional Resource Center (SERRC) is a jointly governed organization formed to provide services to families, educators, and agencies regarding educational law and curriculum and instruction for students with disabilities. The SERRC serves a thirteen county area in Northwest Ohio. The Governing Board consists of superintendents from each of the cooperating Districts, the fiscal agent superintendent, two parents of children with disabilities, one superintendent of a county board of developmental disabilities, 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 \$2,322,618 to Northern Buckeye Health Plan, Northwest Division of OHI for all four plans. Financial information for the period

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

17. INSURANCE POOLS - (Continued)

can be obtained from Jenny Jostworth, Treasurer, at 10999 Reed Hartman Hwy., Suite 304E, Cincinnati, Ohio 45242.

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 \$2,501 to WCGRP to cover the costs of administering the program.

18. INTERFUND TRANSACTIONS

During the year ended June 30, 2015, \$42,269 was transferred from the General Fund to the Permanent Improvement fund to subsidize capital improvements. In addition, \$1,176,104 was transferred from the Classroom Facilities Assistance Program Project fund to the LFI Building fund. The amount will be used to fund a portion of the District's local share of the school building project.

19. ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principle

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68" were effective. These GASB pronouncements had no effect on beginning net position as reported June 30, 2014, as the net pension liability is not reported in the accompanying financial statements.

B. Compliance

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

Contrary to Ohio law, the District invested in Commercial paper notes that matured 270 after purchase. In addition, the District purchased investments in commercial paper notes by a single issuer that exceeded five per cent of interim moneys available for investment at the time of purchase.

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

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>Classroom Facilities Assistance Program Project Fund</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Restricted for:				
Regular Instruction			\$19,937	\$19,937
Special Instruction			140,822	140,822
Athletics			186,420	186,420
Food Service Operations			83,960	83,960
Facilities Maintenance			209,140	209,140
Debt Retirement			426,686	426,686
Building Construction		\$37,894,196	3,316,033	41,210,229
Total Restricted		37,894,196	4,382,998	42,277,194
Committed for:				
Permanent Improvements			2,147,770	2,147,770
Assigned for:				
Educational Activities	\$90,427			90,427
Unpaid Obligations (encumbrances)	100,850			100,850
Total Assigned	191,277			191,277
Unassigned	10,911,053			10,911,053
Total Fund Balance	\$11,102,330	\$37,894,196	\$6,530,768	\$55,527,294

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**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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	\$59,203	\$59,203
National School Lunch Program	10.555		
Cash Assistance		327,006	327,006
Non- Cash Assistance (Food Distribution)		54,443	54,443
Total National School Lunch Program		<u>381,449</u>	<u>381,449</u>
Total U.S. Department of Agriculture		<u>440,652</u>	<u>440,652</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	399,497	375,642
<u>Special Education Cluster:</u>			
Special Education Grants to States	84.027	402,989	374,786
Special Education Preschool Grants	84.173	14,332	12,270
Total Special Education Cluster		<u>417,321</u>	<u>387,056</u>
21st Century Grant	84.287	200,000	244,385
English Language Acquisition State Grants	84.365	1,480	1,480
Improving Teacher Quality State Grants	84.367	71,936	69,176
Total U.S. Department of Education		<u>1,090,234</u>	<u>1,077,739</u>
Total Federal Awards Receipts and Expenditures		<u>\$1,530,886</u>	<u>\$1,518,391</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, 2015**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports Bryan City School District's (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 \$1,807.

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 respective program that benefitted from the use of those donated food commodities.



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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 District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 16, 2015, 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. We consider finding 2015-003 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2015-005 in the accompanying schedule of findings to be a significant deficiency.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2015-001, 2015-002 and 2015-004.

Entity's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

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

December 16, 2015



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, 2015. 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, 2015.

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 over 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

December 16, 2015

**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2015**

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)?	Yes
(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):	School Breakfast Program – CFDA - #10.533 and National School Lunch Program - CFDA #10.555 Special Education Grants to States – CFDA #84.027 and Special Education Preschool Grants – CFDA #84.173 Twenty-First Century Community Learning Centers Grant - CFDA #84.287
(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 2015-001

Noncompliance Citation

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

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

Management decided to prepare the District's 2015 financial statements on a cash basis of accounting in a 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. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures, while material cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

We recommend the District take the necessary steps to ensure 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 2015-002

Noncompliance Citation

Ohio Rev. Code § 135.142(A)(1)(c) allows the Board of Education to authorize the treasurer to invest up to forty percent of its interim moneys available in commercial paper notes if the notes mature no later than 270 days after purchase. Furthermore, **Ohio Rev. Code § 135.142(A)(1)(d)** requires the investment in commercial paper notes from a single issuer shall not exceed in the aggregate five per cent of interim moneys available for investment at the time of purchase.

Six commercial paper notes with a cost of \$6,279,661 out of twenty-three commercial paper notes held at year end with a cost of \$14,928,258 matured more than 270 days after purchase.

The following commercial paper notes exceed five per cent of interim moneys available for investment at the time of purchase:

Commercial Paper Note Issuer	Month of Purchase	Investment Purchase Price	Interim monies available for investment at time of purchase	5% of interim Monies	Excess of investment over interim monies available for investment
Societe Generale	June 2015	\$2,908,305	\$47,294,007	\$2,364,700	\$543,605
BD CAP MKTS PCL	February 2015	2,588,881	47,995,661	2,399,783	189,098

This error was a result of inadequate procedures in approving investments.

We recommend the District only invest in commercial paper notes that have a maturity no later than 270 days after purchase. We also recommend the District ensure investments in commercial paper notes by a single issuer total less than five per cent of interim moneys available for investment at the time of purchase and to implement procedures to for the District to approve investments before the purchase by the investment firm.

Officials' Response:

The CFO/Treasurer will communicate with the District's investment broker regarding the requirement that commercial paper investments must mature no later than 270 days after the purchase.

FINDING NUMBER 2015-003

Material Weakness – Cash and Investments

The District's accounting policy for cash and investments provides that 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 purchased from the pool are to be reported as investments.

The District purchased several investments from the Construction Facilities Assistance Program Project fund (\$33,927,465) and Locally Funded Initiative Building Fund (\$33,611,432). These investments had initial maturities greater than three months and recorded as cash equivalents on the financial statements instead of investments.

The General Fund reported \$918,029 as investments on the financial statements even though the investments were a part of the cash pool.

A final review of the financial statements may have detected these errors.

Adjustments were recorded on the financial statements to present the investments purchased from the Construction Facilities Assistance Program Project and Locally Funded Initiative Building Funds as investments instead of cash equivalents and present investments reported in General fund which were purchased from the cash management pool as cash equivalents.

We recommend all investments be compared with the District's accounting policy for cash and investments to determine proper disclosure on the financial statements and for the District to review the financial statements for errors prior to filing.

Officials' Response:

The CFO/Treasurer will communicate with the District's CPA, Sammy Stamm, to be certain that he compares all investments with the District's accounting policy for cash and investments to determine proper disclosure on the District's financial statements.

FINDING NUMBER 2015-004

Finding for Recovery Repaid Under Audit

The Board of Education of the Bryan City School District on November 17, 2014 approved an addendum to the employment contract of Amy Dominique and an addendum to the employment contract of Chad Bassett. Each addendum, in recognition of additional duties for the 2014-2015 school year, authorized a one-time stipend of \$2,000.

Amy Dominique and Chad Bassett were each actually paid a stipend of \$3,000. This resulted in an overpayment of \$1,000 to each.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code §117.28, findings for recovery for public money illegally expended are hereby issued against Amy Dominique, Bryan City School District Administrator, and Chad Bassett, Bryan City School District Administrator, in the amount of \$1,000 each in favor of the Bryan City School District General Fund.

On September 25, 2015, \$1,000 was deducted from Chad Bassett's payroll check. \$500 was deducted from Amy Dominique's payroll checks on September 25, 2015 and October 9, 2015. This finding for recovery is considered repaid under audit.

Officials' Response:

The payroll clerk will only use written documentation approved by the Board, Superintendent and CFO/Treasurer versus verbal instructions when making payments in the future.

FINDING NUMBER 2015-005

Significant Deficiency – Restricted Amounts

Governmental Accounting Standards Board (GASB) Statement No. 34, - Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments, paragraph 34 (amended by GASB Statement No. 63) provides that net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutionally provisions or enabling legislation.

Restricted net position reported on the statement of net position incorrectly included \$2,147,770 including amounts which do not have constraints placed on use either imposed externally or by law. These monies should have been classified as unrestricted net position on the government-wide statement of net position.

A final review of the financial statements may have detected these errors.

In order to ensure the District's net position is reported in accordance with GASB 34, we recommend the District review GASB statement 34 and the financial statements for errors prior to filing.

Officials' Response:

The CFO/Treasurer will communicate with the District's CPA, Sammy Stamm, to be certain that the position is reported in accordance with GASB 34.

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**BRYAN CITY SCHOOL DISTRICT
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	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 Correct. Reissued as finding 2015-001 in this report.
2014-002	Material weakness for not properly reporting investments on the financial statements.	No	Not Correct. Reissued as finding 2015-003 in this report.

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BRYAN CITY SCHOOL DISTRICT

WILLIAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 31, 2015**