

***STRYKER LOCAL SCHOOL DISTRICT***  
***WILLIAMS COUNTY***  
**Audit Report**  
**For the Year Ended June 30, 2009**

***CHARLES E. HARRIS & ASSOCIATES, INC.***  
Certified Public Accountants and Government Consultants





# Dave Yost • Auditor of State

Board of Education  
Stryker Local School District  
400 South Defiance Street  
Stryker, Ohio 43557-9491

We have reviewed the *Report of Independent Accountants* of the Stryker Local School District, Williams County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

March 14, 2011

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STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY  
AUDIT REPORT  
For the Year Ending June 30, 2009

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***Charles E. Harris & Associates, Inc.***  
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REPORT OF INDEPENDENT ACCOUNTANTS

Stryker Local School District  
Williams County  
400 South Defiance Street  
Stryker, Ohio 43557-9491

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Stryker Local School District, Williams County, Ohio, (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Stryker Local School District, Williams County, Ohio, as of June 30, 2009, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2010 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, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

***Charles E. Harris & Associates, Inc.***

December 30, 2010



**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

The discussion and analysis of the financial performance of Stryker Local School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. 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 2009 are as follows:

In total, net assets increased \$382,253.

General revenues accounted for \$4,830,029, or 84 percent of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for \$1,142,665, or 20 percent of total revenues of \$5,725,373.

The District's major funds include the General Fund, the Bond Retirement Fund, and the OSFC Exceptional Need Construction Fund.

The General Fund had \$4,471,228 in revenues and other financing sources and \$4,793,912 in expenditures and other financing uses. The General Fund's balance decreased \$322,684 from the prior fiscal year.

The Bond Retirement Fund had \$455,103 in revenues and \$407,129 in expenditures. The Bond Retirement Fund's balance increased \$47,974 from the prior fiscal year.

The OSFC Exceptional Need Construction Fund had \$280,431 in revenues and \$3,795,457 in expenditures and other financing uses. The OSFC Exceptional Need Construction Fund's balance decreased \$3,515,026 from the prior fiscal year.

Revenue generated from the General Fund is used to pay for the current portion of debt.

**Using the Basic Financial Statements**

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

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

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

The District's major funds include the General Fund, the Bond Retirement Fund, and the OSFC Exceptional Need Construction Fund.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2009  
Unaudited  
(Continued)**

**Reporting the District as a Whole**

The statement of net assets and the statement of activities reflect how the District did financially during fiscal year 2009. These statements include all assets and liabilities using the accrual basis of accounting similar to which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Fund financial statements 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 funds include the General Fund, the Bond Retirement Fund, and the OSFC Exceptional Need Construction Fund.

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help make this comparison between governmental funds and governmental activities.

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 accrual basis of accounting.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2009  
Unaudited  
(Continued)**

**The District as a Whole**

Table 1 provides a summary of the District's net assets for fiscal year 2009 compared to fiscal year 2008. The District's increase in general revenues aided the decrease in current liabilities.

**Table 1  
Net Assets  
Governmental Activities**

	2009	2008
<b><u>Assets:</u></b>		
Current and Other Assets	\$3,152,525	\$8,237,535
Capital Assets, Net	14,906,913	10,216,703
Total Assets	18,059,438	18,454,238
<b><u>Liabilities:</u></b>		
Current and Other Liabilities	1,799,497	2,467,891
Long-Term Liabilities	6,264,377	6,373,036
Total Liabilities	8,063,874	8,840,927
<b><u>Net Assets:</u></b>		
Invested in Capital Assets, Net of Related Debt	9,051,903	8,019,709
Restricted	563,342	770,304
Unrestricted	380,319	823,298
Total	\$9,995,564	\$9,613,311

The increase in Capital Assets, Net was attributed to the construction in progress completed on the OSFC project and the cash left over from the bonds to finish the project.

Table 2 reflects the changes in net assets for fiscal year 2009, compared to fiscal year 2008. The increase in general revenue was attributed to increase in income tax revenue, grant revenue, and interest.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2009  
Unaudited  
(Continued)**

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

	<u>2009</u>	<u>2008</u>
<b><u>Revenues:</u></b>		
Program Revenues:		
Charges for Services and Sales	\$360,460	\$336,388
Operating Grants, Contributions and Interest	534,884	572,728
Capital Grants and Contributions		2,073,741
Total Program Revenues	<u>895,344</u>	<u>2,982,857</u>
General Revenues:		
Property Taxes	1,457,417	1,386,371
Income Taxes	765,406	823,438
Grants and Entitlements	2,451,082	2,152,598
Interest	61,562	386,004
Gifts and Donations	14,188	14,963
Miscellaneous	80,374	70,011
Total General Revenues	<u>4,830,029</u>	<u>4,833,385</u>
Total Revenues	<u>5,725,373</u>	<u>7,816,242</u>
<b><u>Expenses:</u></b>		
Instruction	2,941,246	2,685,619
Support Services:		
Pupils	314,995	296,515
Instructional Staff	272,347	259,409
Board of Education	24,728	24,034
Administration	340,728	356,950
Fiscal	199,106	199,322
Business	8,177	10,083
Operation and Maintenance of Plant	439,137	472,263
Pupil Transportation	160,569	166,277
Central	26,773	60,001
Non-Instructional	131,432	192,117
Extracurricular Activities	215,031	198,314
Interest and Fiscal Charges	268,851	282,452
Total Expenses	<u>5,343,120</u>	<u>5,203,356</u>
Increase/(Decrease) in Net Assets	<u>\$382,253</u>	<u>\$2,612,886</u>

The decrease in capital grants and contributions was attributed to the completion of the building construction project.

Governmental Activities

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

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2009  
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>2009</u>	<u>2009</u>	<u>2008</u>	<u>2008</u>
Instruction	\$2,941,246	\$2,483,774	\$2,685,619	\$129,781
Support Services:				
Pupils	314,995	221,008	296,515	183,398
Instructional Staff	272,347	221,743	259,409	250,539
Board of Education	24,728	24,728	24,034	24,034
Administration	340,728	340,728	356,950	356,950
Fiscal	199,106	199,106	199,322	199,322
Business	8,177	8,177	10,083	10,083
Operation and Maintenance of Plant	439,137	439,137	472,263	472,263
Pupil Transportation	160,569	138,265	166,277	139,550
Central	26,773	21,773	60,001	55,001
Non-Instructional	131,432	(50,425)	192,117	3,735
Extracurricular Activities	215,031	130,911	198,314	113,391
Interest and Fiscal Charges	268,851	268,851	282,452	282,452
Total Expenses	<u>\$5,343,120</u>	<u>\$4,447,776</u>	<u>\$5,203,356</u>	<u>\$2,220,499</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 84 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 83 percent. The remaining 17 percent are derived from tuition and fees, specific grants, and donations.

**The District's Funds**

The District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of \$5,808,169 and expenditures of \$10,213,724. The overall change in fund balance was a decrease of \$4,405,555. This decrease was attributed to construction costs.

**General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2009, the District amended its General Fund budget as needed.

Final expenditures were budgeted at \$4,814,648 while actual expenditures were \$4,813,842. The \$806 difference is primarily due to a conservative "worst case scenario" approach. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2009, the District had \$14,906,913 invested in capital assets (net of accumulated depreciation) for governmental activities.

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

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2009  
Unaudited  
(Continued)**

Debt

At June 30, 2009, the District had \$5,791,711 in school improvement general obligation bonds, capital appreciation bonds and accretion on bonds for construction and building improvements. The bonds were issued in the amount of \$6,015,000 for a twenty-eight year period, with final maturity on January 15, 2035. Also, the District had \$77,505 in notes payable. The notes were issued for a fifteen year period, with final maturity on September 1, 2014. The notes are being retired through the General Fund.

At June 30, 2009, the District's overall legal debt margin was \$881,785, with an un-voted debt margin of \$53,990.

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

Current Issues

The District is holding its own in the state of a declining economy and uncertainty in State funding. Stryker is a small rural community of 1,418 people in Northwest Ohio. It has a number of small and medium businesses with agriculture having a major contributing influence on the economy.

The District is currently operating in the first year of the state biennium budget. Forty-seven percent of District revenue sources are from local funds, 48 percent is from state funds and the remaining 5 percent is from federal funds. The total expenditure per pupil was calculated at \$7,856.05.

Over the past several years, the District has remained in a good financial position. In May 2006, the District passed an additional .25% income tax that generates about \$128,000 annually. This levy provides a source of funds for the financial operations and stability of the District. However, future finances are not without challenges as our community changes and state funding is revised. The District will need to come back to the community for additional operating funds in the very near future due to skyrocketing insurance premiums, rising utilities and basic operation increases, to a name a few.

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 Richelle Oberlin/CFO, Stryker Local School District, 400 South Defiance Street, Stryker, Ohio 43557-9491.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Statement of Net Assets  
June 30, 2009**

		<b>Governmental Activities</b>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$	1,488,246
Materials and Supplies Inventory		4,955
Accrued Interest Receivable		3,204
Accounts Receivable		729
Intergovernmental Receivable		1,294
Prepaid Items		1,038
Taxes Receivable		1,340,131
Income Taxes Receivable		312,928
Capital Assets:		
Non-Depreciable Capital Assets		338,751
Depreciable Capital Assets, net		14,568,162
Total Assets		<u>18,059,438</u>
<b>LIABILITIES:</b>		
Accounts Payable		18,228
Accrued Wages and Benefits		344,042
Contracts Payable		157,734
Intergovernmental Payable		86,801
Matured Compensated Absences Payable		17,706
Deferred Revenue		1,174,986
Long-Term Liabilities:		
Due Within One Year		207,861
Due in More Than One Year		6,056,516
Total Liabilities		<u>8,063,874</u>
<b>NET ASSETS:</b>		
Invested in Capital Assets, Net of Related Debt		9,051,903
Restricted for Debt Service		297,173
Restricted for Capital Outlay		135,871
Restricted for Other Purposes		130,298
Unrestricted		380,319
Total Net Assets	\$	<u><u>9,995,564</u></u>

See Accompanying Notes to the Basic Financial Statements

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Statement of Activities  
For the Fiscal Year Ended June 30, 2009**

	Program Revenues		Net(Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
<b>Governmental Activities:</b>			
<b>Instruction:</b>			
Regular	\$ 2,133,623	\$ 173,425	\$ 63,934
Special	383,748		209,855
Vocational	55,747		10,258
Adult/Continuing	8,750		
Student Intervention Services	359,168		
Other	210		
<b>Support Services:</b>			
Pupils	314,995		
Instructional Staff	272,347		
Board of Education	24,728		
Administration	340,728		
Fiscal	199,106		
Business	8,177		
Operation and Maintenance of Plant	439,137		
Pupil Transportation	160,569		
Central	26,773		
Operation of Non-Instructional Services	131,432	102,915	
Extracurricular Activities	215,031	84,120	
<b>Debt Service:</b>			
Interest and Fiscal Charges	268,851		
<b>Totals</b>	<b>\$ 5,343,120</b>	<b>\$ 360,460</b>	<b>\$ 534,884</b>

**General Revenues:**

<b>Taxes:</b>	
Property Taxes, Levied for General Purposes	1,126,565
Property Taxes, Levied for Capital Outlay	47,042
Property Taxes, Levied for Debt Service	283,810
Income Taxes	765,406
Grants and Entitlements not Restricted to Specific Programs	2,451,082
Gifts and Donations	14,188
Investment Earnings	61,562
Miscellaneous	80,374
<b>Total General Revenues</b>	<b>4,830,029</b>
Change in Net Assets	382,253
Net Assets Beginning of Year - Restated	9,613,311
<b>Net Assets End of Year</b>	<b>\$ 9,995,564</b>

See Accompanying Notes to the Basic Financial Statements



**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Balance Sheet  
Governmental Funds  
June 30, 2009**

	<b>General Fund</b>	<b>Bond Retirement Fund</b>	<b>OSFC Exceptional Need Construction</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 776,518	\$ 262,670	\$ 302,634	\$ 144,010	\$ 1,485,832
Materials and Supplies Inventory				4,955	4,955
Accrued Interest Receivable	3,204				3,204
Accounts Receivable	500			229	729
Intergovernmental Receivable				1,294	1,294
Prepaid Items	811			227	1,038
Taxes Receivable	1,031,291	264,990		43,850	1,340,131
Income Taxes Receivable	312,928				312,928
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	2,414				2,414
<b>Total Assets</b>	<b>\$ 2,127,666</b>	<b>\$ 527,660</b>	<b>\$ 302,634</b>	<b>\$ 194,565</b>	<b>\$ 3,152,525</b>
<b>Liabilities</b>					
Current Liabilities:					
Accounts Payable	508		17,720		18,228
Accrued Wages and Benefits	334,044			9,998	344,042
Contracts Payable	8,691		149,043		157,734
Intergovernmental Payable	81,103			5,698	86,801
Matured Compensated Absences Payable	17,706				17,706
Deferred Revenue	1,004,070	242,508		41,444	1,288,022
	1,446,122	242,508	166,763	57,140	1,912,533
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	86,687		284,566	6,737	377,990
Reserved for Inventory				4,955	4,955
Reserved for Prepaid Items	811			227	1,038
Reserved for Property Taxes	81,037	22,482		3,700	107,219
Reserved for Textbooks and Instructional Material	2,414				2,414
Unreserved, Undesignated, Reported in:					
General Fund	510,595				510,595
Special Revenue Funds				117,085	117,085
Debt Service Funds		262,670			262,670
Capital Projects Funds			(148,695)	4,721	(143,974)
<b>Total Fund Balances</b>	<b>681,544</b>	<b>285,152</b>	<b>135,871</b>	<b>137,425</b>	<b>1,239,992</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,127,666</b>	<b>\$ 527,660</b>	<b>\$ 302,634</b>	<b>\$ 194,565</b>	<b>\$ 3,152,525</b>

See Accompanying Notes to the Basic Financial Statements

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Reconciliation of Total Governmental Fund Balances  
to Net Assets of Governmental Activities  
June 30, 2009**

Total Governmental Fund Balances	\$	1,239,992
Amounts reported for governmental activities on the statement of net assets are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		14,906,913
Taxes Receivable that do not provide financial resources are not reported as revenues in governmental fund.		113,036
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:		
Capital Leases Payable	(52,505)	
General Obligation Bonds and Notes Payable and Accretion	(5,869,216)	
Compensated Absences Payable	(342,656)	
	<u>                    </u>	(6,264,377)
Net Assets of Governmental Activities	\$	<u><u>9,995,564</u></u>

See Accompanying Notes to the Basic Financial Statements

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>OSFC Exceptional Need Construction</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>					
Property and Other Local Taxes	\$ 1,111,374	\$ 279,667		\$ 46,367	\$ 1,437,408
Income Tax	634,390	136,254			770,644
Intergovernmental	2,386,807	39,182	\$ 247,321	338,488	3,011,798
Interest	27,742		31,910	1,910	61,562
Tuition and Fees	158,744			12,245	170,989
Extracurricular Activities				86,556	86,556
Gifts and Donations	3,433			10,755	14,188
Customer Sales and Services				102,915	102,915
Miscellaneous	77,003		1,200	2,171	80,374
Total Revenues	<u>4,399,493</u>	<u>455,103</u>	<u>280,431</u>	<u>601,407</u>	<u>5,736,434</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction:					
Regular	1,928,705			54,534	1,983,239
Special	327,103			44,797	371,900
Vocational	52,614			2,000	54,614
Adult/Continuing				8,750	8,750
Student Intervention Services	359,168				359,168
Other	210				210
Support Services:					
Pupils	211,406			100,471	311,877
Instructional Staff	235,523			43,155	278,678
Board of Education	24,728				24,728
Administration	344,868			987	345,855
Fiscal	186,199	9,819		1,364	197,382
Business	8,177				8,177
Operation and Maintenance of Plant	343,536				343,536
Pupil Transportation	216,633				216,633
Central	21,773			5,000	26,773
Operation of Non-Instructional Services				182,223	182,223
Extracurricular Activities	123,439			92,648	216,087
Capital Outlay	363,129		3,689,037	792,717	4,844,883
Debt Service:					
Principal	40,014	165,000			205,014
Interest	1,687	232,310			233,997
Total Expenditures	<u>4,788,912</u>	<u>407,129</u>	<u>3,689,037</u>	<u>1,328,646</u>	<u>10,213,724</u>
Excess of Revenues Over (Under) Expenditures	<u>(389,419)</u>	<u>47,974</u>	<u>(3,408,606)</u>	<u>(727,239)</u>	<u>(4,477,290)</u>
<b>OTHER FINANCING SOURCES AND USES:</b>					
Transfers In				134,308	134,308
Inception of Capital Lease	71,735				71,735
Transfers Out	(5,000)		(106,420)	(22,888)	(134,308)
Total Other Financing Sources and Uses	<u>66,735</u>	<u>-</u>	<u>(106,420)</u>	<u>111,420</u>	<u>71,735</u>
Net Change in Fund Balances	(322,684)	47,974	(3,515,026)	(615,819)	(4,405,555)
Fund Balance (Deficit) at Beginning of Year	1,004,228	237,178	3,650,897	753,244	5,645,547
Fund Balance (Deficit) at End of Year	<u>\$ 681,544</u>	<u>\$ 285,152</u>	<u>\$ 135,871</u>	<u>\$ 137,425</u>	<u>\$ 1,239,992</u>

See Accompanying Notes to the Basic Financial Statements

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

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

Net Change in Fund Balances - Total Governmental Funds \$ (4,405,555)

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current year.

Capital Outlay - Depreciable Capital Assets	4,993,131	
Depreciation	(129,505)	
	4,863,626	4,863,626

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a gain (loss) on disposal of capital assets on the statement of activities.

Gain (Loss) on Disposal of Capital Assets		(173,416)
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Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Intergovernmental	(25,832)	
Income Taxes	(5,238)	
Delinquent Property Taxes	20,009	
	(11,061)	(11,061)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statements of activities.		205,014
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Inception of Capital Lease		(71,735)
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Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities.		(34,854)
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Some expenses reported on the statement of activities, such as compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:

Compensated Absences Payable		10,234
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Change in Net Assets of Governmental Activities		\$ <u><u>382,253</u></u>
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See Accompanying Notes to the Basic Financial Statements

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES:</b>				
Property and Other Local Taxes	\$ 1,082,710	\$ 1,066,932	\$ 1,066,932	\$ -
Income Tax	687,013	669,258	669,258	-
Intergovernmental	2,371,024	2,386,807	2,386,807	-
Interest	60,000	29,733	30,003	270
Tuition and Fees	141,820	158,744	158,744	-
Gifts and Donations	2,000	3,433	3,433	-
Miscellaneous	28,365	22,220	22,220	-
Total Revenues	<u>4,372,932</u>	<u>4,337,127</u>	<u>4,337,397</u>	<u>270</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	1,981,012	1,944,551	1,955,497	(10,946)
Special	273,427	315,989	327,747	(11,758)
Vocational	45,271	49,127	48,282	845
Student Intervention Services	309,281	359,863	359,168	695
Other			280	(280)
Support Services:				
Pupils	215,419	225,728	212,620	13,108
Instructional Staff	239,189	252,098	250,549	1,549
Board of Education	29,285	29,673	24,850	4,823
Administration	342,142	362,486	349,530	12,956
Fiscal	204,575	191,232	191,565	(333)
Business	8,177	8,177	8,177	-
Operation and Maintenance of Plant	414,211	375,513	343,386	32,127
Pupil Transportation	184,874	164,774	162,542	2,232
Central	28,740	23,040	21,775	1,265
Extracurricular Activities	119,680	125,199	127,056	(1,857)
Capital Outlay	252,781	364,726	408,347	(43,621)
Debt Service:				
Principal	20,759	20,759	20,759	-
Interest	1,713	1,713	1,712	1
Total Expenditures	<u>4,670,536</u>	<u>4,814,648</u>	<u>4,813,842</u>	<u>806</u>
Excess of Revenues Over (Under) Expenditures	<u>(297,604)</u>	<u>(477,521)</u>	<u>(476,445)</u>	<u>1,076</u>
Other Financing Sources and Uses:				
Advances In		323	322	(1)
Refund of Prior Year Expenditures	50,000	54,283	54,283	-
Transfers Out	(5,000)	(5,000)		5,000
Total Other Financing Sources and Uses	<u>45,000</u>	<u>49,606</u>	<u>54,605</u>	<u>4,999</u>
Net Change in Fund Balances	(252,604)	(427,915)	(421,840)	6,075
Fund Balance (Deficit) at Beginning of Year	1,107,889	1,107,889	1,107,889	-
Prior Year Encumbrances Appropriated	5,688	5,688	5,688	-
Fund Balance (Deficit) at End of Year	<u>\$ 860,973</u>	<u>\$ 685,662</u>	<u>\$ 691,737</u>	<u>\$ 6,075</u>

See Accompanying Notes to the Basic Financial Statements

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2009**

	<u>Agency Fund</u>
<b>Assets</b>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ <u>24,574</u>
Total Assets	<u>24,574</u>
<b>Liabilities</b>	
Current Liabilities:	
Due to Students	24,574
Total Liabilities	\$ <u><u>24,574</u></u>

See Accompanying Notes to the Basic Financial Statements

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

Stryker Local 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. Stryker Local School District is a city school district as defined by §3311.22 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 19 non-certified and 36 certified full-time teaching personnel who provide services to 491 students and other community members.

**The Reporting Entity**

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.

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

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 Northern Buckeye Education Council's Employee Insurance Benefits Program, the Northern Buckeye Education Council Workers' Compensation Group Rating Plan, and the Ohio School Plan. These organizations are presented in Notes 16 and 17 to the basic financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the District's accounting policies.

**A. Basis of Presentation**

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

Government-Wide Financial Statements

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

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

Fund Financial Statements

During the 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 and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

**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 various funds of the District are grouped into the categories governmental and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The District has three major governmental funds.

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

**Bond Retirement Fund** - The Bond Retirement Fund is used to account for property tax revenues to pay the principal and related interest on the school improvement bonds.

**OSFC Exceptional Need Construction Fund** - The OSFC Exceptional Need Construction Fund is used to account for the revenues and expenditures related to the construction of new school buildings.



**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results or operations. The District's agency funds account for various student managed activities.

**C. Measurement Focus**

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) of total net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, income taxes, grants, investment earnings, tuition, and student fees.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On the governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**E. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by the Board of Education. Budgetary allocations at the function and object level in all funds are made by the Treasurer.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Treasurer. 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.

**F. Cash and Investments**

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

During fiscal year 2009, investments included nonnegotiable certificates of deposit and STAR Ohio. Nonnegotiable certificates of deposit are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2009.

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 2009 amounted to \$27,742, \$31,910 to the OSFC Exceptional Need Construction Fund, and \$1,910 to all other governmental funds.

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

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**G. Prepaid Items**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**H. Inventory**

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventory consists of donated and purchased food.

**I. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributor's grantors, or laws of other government or imposed by enabling legislation. Restricted assets include the amount required by State statute to be set aside for the textbooks, instructional materials and capital assets.

**J. Capital Assets**

General capital assets are those assets not specifically related to activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District's capitalization threshold is one thousand five hundred dollars. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 30 years
Buildings and Building Improvements	30 - 50 years
Furniture, Fixtures, and Equipment	5 - 20 years
Vehicles	5 - 15 years

**J. Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the statement of net assets, except for any net residual amounts due between governmental activities, which are presented as internal balances.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**K. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for all employees after twenty years of service and for all employees who have 15 years of service at age 45, 10 years of service at age 50, and 5 years of service at age 60.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

**L. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**N. Fund Balance Reserves**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, property taxes, prepaid items, and inventory.

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

**O. Interfund Assets/Liabilities**

Transfers within governmental activities are eliminated on the government-wide financial statements.

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

**P. Estimates**

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

**Q. Pass-Through Grants**

The Handicapped Preschool special revenue fund is a pass-through grant in which the Bryan City School District is the primary recipient. In accordance with GASB Statement 24, "Accounting and Financial Reporting or Certain Grants and Other Financial Assistance," the secondary recipients should report monies spent on their behalf by the primary recipient as revenue and operating expenses.

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2009.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**3. BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and fund financial statements are the following:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

<b>Net Change in Fund Balance Major Governmental Fund</b>	
GAAP Basis	(\$322,684)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2008, Received In Cash FY 2009	336,040
Accrued FY 2009, Not Yet Received in Cash	(469,871)
Expenditure Accruals:	
Accrued FY 2008, Paid in Cash FY 2009	(450,711)
Accrued FY 2009, Not Yet Paid in Cash	572,259
Advances Net	322
Encumbrances Outstanding at Year End (Budget Basis)	(87,195)
Budget Basis	<u><u>(\$421,840)</u></u>

**4. 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

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maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two 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 only through eligible institutions; and
7. The State Treasurer's investment pool (STAR Ohio).

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. Investments may only be made through specified dealers and institutions.

Deposits

At June 30, 2009, the carrying amount of all District deposits was \$1,512,383. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$1,215,539 of the District's bank balance of \$1,725,254 was exposed to custodial risk as discussed below, while \$509,715, was covered by Federal Deposit Insurance Corporation.



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Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial risk beyond the requirements of State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasury or qualified trustee. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of June 30, 2009, the District had the following investments.

	<b>Balance at Fair Value</b>	<b>Investment Maturities 6 months or less</b>
STAR Ohio	\$438	\$438
Total Investments	\$438	\$438

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's investment policy addresses interest rate risk by requiring that the District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk – Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy that would further limit its investment choices.

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 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 Treasury or qualified trustee.

Concentration of Credit Risk – The District places no limit on the amount that may be invested in any one issuer, however state statute limits investments in commercial paper and bankers' acceptance to 25 percent of interim monies available for investment at any one time. The following table includes the percentage of each investment type held by the District at June 30, 2009:

STAR Ohio	\$438	100%
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Reconciliation of Cash and Investment to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the financial statement as of June 30, 2009:

<u>Cash and Investments per Footnote</u>	
Carrying amount of deposits	\$1,512,382
Investments	438
Total	<u>\$1,512,820</u>
 <u>Cash and Investments per Statement of Net Assets</u>	
Governmental Activities	\$1,488,246
Agency Funds	24,574
Total	<u>\$1,512,820</u>

**5. 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 2009 represent the collection of calendar year 2008 taxes. Real property taxes for 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, 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 2009 were levied after April 1, 2008, on the assessed values as of December 31, 2007, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenue received during calendar year 2009 (other than public utility property) represents the collection of 2009 taxes. Tangible personal property taxes received in calendar year 2009 were levied after April 1, 2008, on the value as of December 31, 2008. Tangible personal property tax is being phased out. For 2009, tangible personal property will be reduced to zero. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2008-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2009 operations. For the governmental fund financial statements, the receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance was recognized as revenue.

The amount available as an advance at June 30, 2009, was \$81,037 in the General Fund, and \$22,482 in the Bond Retirement Fund, and \$3,700 in the Permanent Improvement Fund. The amount available as an advance at June 30, 2008, was \$36,595 in the General Fund, and \$10,190 in the Bond Retirement Fund, and \$1,678 in the Permanent Improvement Fund.

The assessed values upon which the fiscal year 2009 taxes were collected are:

	<b>2008 Second- Half Collections</b>		<b>2009 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Commercial/Industrial	\$6,823,540	12%	\$6,771,480	12%
Agricultural/Residential	42,712,740	76%	42,957,260	78%
Public Utility	4,229,760	7%	4,261,680	8%
Tangible Personal	2,705,430	5%	1,231,590	2%
Total Assessed Value	<u>\$56,471,470</u>	<u>100%</u>	<u>\$55,222,010</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$45.60		\$45.60	

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**6. INCOME TAX**

The District levies a voted tax of 1.00 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1991, and is a continuing tax and is credited to the General Fund. The District levies a voted tax of .25 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2006, and is a continuing tax and is credited to the General Fund. Also, the District levies a .25 percent for the retirement of bonds, on the income of residents and of estates. The tax was effective on January 1, 2006, and is a continuing tax and is credited to the Bond Retirement Fund. 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 school district income tax return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund and the Bond Retirement Fund.

**7. RECEIVABLES**

Receivables at June 30, 2009, consisted of taxes, accounts, interest, and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds

**8. INTERFUND BALANCES**

The District did not have any interfund receivables/payables June 30, 2009.

**9. TRANSFERS**

Following is a summary of transfers for all funds at June 30, 2009:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$-	\$5,000
OSFC Exceptional Need Construction	-	106,420
Nonmajor Governmental Funds:		
Capital Projects	106,420	22,888
Special Revenue	27,888	-
Total Nonmajor Governmental Funds	<u>134,308</u>	<u>22,888</u>
Governmental Funds Totals	<u>\$134,308</u>	<u>\$134,308</u>

Transfers out of the OSFC Exceptional Need Construction and Capital Projects Funds were made in accordance with requirements of the OSFC project agreement.

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**10. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	<b>Balance at 6/30/08 Restated</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at 6/30/09</b>
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$338,751	\$-	\$-	\$338,751
Construction in Progress	7,902,411	4,677,773	12,580,184	-
Total Nondepreciable Capital Assets	<u>8,241,162</u>	<u>4,677,773</u>	<u>12,580,184</u>	<u>338,751</u>
Depreciable Capital Assets				
Land Improvements	158,334		6,000	152,334
Buildings and Building Improvements	3,100,693	12,580,184	94,995	15,585,882
Furniture, Fixtures, and Equipment	840,391	243,623	211,316	872,698
Vehicles	359,265	71,735	-	431,000
Total Depreciable Capital Assets	<u>4,458,683</u>	<u>12,895,542</u>	<u>312,311</u>	<u>17,041,914</u>
Less Accumulated Depreciation				
Land Improvements	187,079	10,650	6,000	191,729
Buildings and Building Improvements	1,557,974	63,159	6,481	1,614,652
Furniture, Fixtures, and Equipment	521,106	39,612	126,414	434,304
Vehicles	216,983	16,084	-	233,067
Total Accumulated Depreciation	<u>2,483,142</u>	<u>129,505</u>	<u>138,895</u>	<u>2,473,752</u>
Depreciable Capital Assets, Net	<u>1,975,541</u>	<u>12,766,037</u>	<u>173,416</u>	<u>14,568,162</u>
Governmental Activities Capital Assets, Net	<u>\$10,216,703</u>	<u>\$17,443,810</u>	<u>\$12,753,600</u>	<u>\$14,906,913</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$60,049
Special	2,922
Support Services:	
Pupil	459
Instructional Staff	6,823
Administration	6,129
Fiscal	1,274
Operation and Maintenance of Plant	9,149
Pupil Transportation	15,664
Non-Instructional Services	9,277
Extracurricular	7,109
Capital Outlay	10,650
Total Depreciation Expense	<u>\$129,505</u>

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**11. DEFINED PENSION BENEFIT PLANS**

**A. School Employee Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$73,969, \$80,264, and \$80,236, respectively; 56 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**B. State Teachers Retirement System**

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the latest information available, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$270,751, \$306,576, and \$307,620, respectively; 84 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**C. Social Security System**

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

**12. 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.

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 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

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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, 2009, 2008, and 2007 were \$22,085, \$23,965, and \$23,956 respectively; 56 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$3,487, \$3,784, and \$3,783, respectively; 56 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**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](http://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 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$19,339, \$21,898, and \$21,973, respectively; 84 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**13. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Clerical, Technical, and Maintenance and Operation employees with one or more years of service are entitled to vacation ranging from 10 to 25 days upon hiring. Teachers do not earn vacation time.

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 rated 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 30 percent of the accumulated sick leave to a maximum of 63 days, except that those employees who elect to retire within twelve months of the earliest permissible retirement date shall be paid 50 percent of the accumulated sick leave to maximum of 40 days.



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**B. Health Care Benefits**

The District provides employee health care benefits through membership in the Northern Buckeye Education Council (NBEC). Monthly payments are made to NBEC for health, dental, and life insurance coverages. Vision insurance is provided through Vision Service Plan. The employees share the cost of the monthly premiums with the Board.

**14. LONG-TERM OBLIGATIONS**

During the year ended June 30, 2009, the following changes occurred in obligations reported in the Government - Wide Financial Statements:

	<b>Balance at 6/30/08</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at 6/30/09</b>	<b>Amounts Due Within One Year</b>
Governmental Activities:					
School Facilities Improvement Bonds, Series 2006A					
Serial Bonds	\$450,000		\$105,000	\$345,000	\$110,000
Term Bonds	3,695,000			3,695,000	
Capital Appreciation Bonds	145,000			145,000	
Accretion on Bonds	19,190	\$20,561		39,751	
School Facilities Improvement Bonds, Series 2006B					
Serial Bonds	320,000		60,000	260,000	60,000
Term Bonds	1,215,000			1,215,000	
Capital Appreciation Bonds	65,000			65,000	
Accretion on Bonds	12,667	14,293		26,960	
Notes Payable	98,289		20,784	77,505	21,183
Capital Leases Payable		71,735	19,230	52,505	16,678
Compensated Absences	352,890	342,656	352,890	342,656	
<b>Total Governmental Activities</b>	<b><u>\$6,373,036</u></b>	<b><u>\$449,245</u></b>	<b><u>\$557,904</u></b>	<b><u>\$6,264,377</u></b>	<b><u>\$207,861</u></b>

Debt outstanding at June 30, 2009 consisted of a school improvement note totaling \$77,505 (interest rates at June 30, 2009 were 1.90 percent). The note was issued in September 1999 and will mature in September 2014.

The District had school facilities bonds of \$4,185,000 (interest rates of 4.0 to 4.3 percent). The bonds were issued in December 2006 and will mature in January 2035.

The District had school facilities bonds of \$1,540,000 (interest rates of 4.0 to 4.2 percent). The bonds were issued in December 2006 and will mature in January 2030.

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**School Facilities Improvement Bonds, Series 2006A**

Proceeds from the outstanding bonds were used for the purpose of constructing additions to and renovating and improving existing school buildings and facilities at the high school. These bonds were issued on November 20, 2006. The bonds consisted of \$4,240,000 in current interest bonds (\$545,000 issued as serial bonds and \$3,695,000 issued as term bonds) and \$145,000 in capital appreciation bonds.

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

<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
January 15, 2010	\$110,000	4.00%
January 15, 2011	115,000	4.00%
January 15, 2012	120,000	4.00%

The term bonds which mature on January 15, 2019 (the 2019 Term Bonds), have an interest rate of 4 percent per year, and are subject to mandatory sinking fund redemption and payable pursuant Mandatory Sinking Fund Redemption Requirements in principal amounts on the Principal Payment Dates (each a Mandatory Redemption Date) as follows:

<b>Year</b>	<b>Principal Amount to be Redeemed</b>
January 15, 2016	\$125,000
January 15, 2017	130,000
January 15, 2018	135,000

The balance of the principal of the 2019 Term Bonds (\$140,000) shall be payable at their maturity on January 15, 2019.

The term bonds which mature on January 15, 2023 (the 2023 Term Bonds), have an interest rate of 4 percent per year, and are subject to mandatory sinking fund redemption and payable pursuant Mandatory Sinking Fund Redemption Requirements in principal amounts on the Principal Payment Dates (each a Mandatory Redemption Date) as follows:

<b>Year</b>	<b>Principal Amount to be Redeemed</b>
January 15, 2020	\$145,000
January 15, 2021	150,000
January 15, 2022	155,000

The balance of the principal of the 2023 Term Bonds (\$160,000) shall be payable at their maturity on January 15, 2023.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

The term bonds which mature on January 15, 2025 (the 2025 Term Bonds), have an interest rate of 4 percent per year, and are subject to mandatory sinking fund redemption and payable pursuant Mandatory Sinking Fund Redemption Requirements in principal amounts on the Principal Payment Dates (each a Mandatory Redemption Date) as follows:

Year	Principal Amount to be Redeemed
January 15, 2024	\$170,000

The balance of the principal of the 2025 Term Bonds (\$175,000) shall be payable at their maturity on January 15, 2025.

The term bonds which mature on January 15, 2027 (the 2027 Term Bonds), have an interest rate of 4 percent per year, and are subject to mandatory sinking fund redemption and payable pursuant Mandatory Sinking Fund Redemption Requirements in principal amounts on the Principal Payment Dates (each a Mandatory Redemption Date) as follows:

Year	Principal Amount to be Redeemed
January 15, 2026	\$185,000

The balance of the principal of the 2027 Term Bonds (\$190,000) shall be payable at their maturity on January 15, 2027.

The term bonds which mature on January 15, 2032 (the 2032 Term Bonds), have an interest rate of 4.2 percent per year, and are subject to mandatory sinking fund redemption and payable pursuant Mandatory Sinking Fund Redemption Requirements in principal amounts on the Principal Payment Dates (each a Mandatory Redemption Date) as follows:

Year	Principal Amount to be Redeemed
January 15, 2028	\$195,000
January 15, 2029	205,000
January 15, 2030	215,000
January 15, 2031	225,000

The balance of the principal of the 2032 Term Bonds (\$235,000) shall be payable at their maturity on January 15, 2032.

The term bonds which mature on January 15, 2035 (the 2035 Term Bonds), have an interest rate of 4.3 percent per year, and are subject to mandatory sinking fund redemption and payable pursuant Mandatory Sinking Fund Redemption Requirements in principal amounts on the Principal Payment Dates (each a Mandatory Redemption Date) as follows:

Year	Principal Amount to be Redeemed
January 15, 2033	\$240,000
January 15, 2034	255,000

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

The balance of the principal of the 2035 Term Bonds (\$265,000) shall be payable at their maturity on January 15, 2035.

The capital appreciation bonds were issued in the aggregate original principal amount of \$145,000 and mature on January 15 in the years, have the original principal amounts and mature with the accreted values at maturity, as follows:

<b>Maturity Date</b>	<b>Original Principal Amount</b>	<b>Accreted Value at Maturity</b>
2013	\$55,020	\$125,000
2014	48,038	125,000
2015	41,942	125,000

The value of the capital appreciation bonds reported at June 30, 2009 was \$145,000. The annual accretion of interest is based on the straight-line method, which approximates the equity interest method. Total accreted interest of \$39,751 has been included in the value. The bonds are being retired through the Bond Retirement Debt Service Fund.

**School Facilities Improvement Bonds, Series 2006B**

Proceeds from the outstanding bonds were used for the purpose of constructing additions to and renovating and improving existing school buildings and facilities at the high school. These bonds were issued on November 20, 2006. The bonds consisted of \$1,565,000 in current interest bonds (\$350,000 issued as serial bonds and \$1,215,000 issued as term bonds) and \$65,000 in capital appreciation bonds.

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

<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
January 15, 2010	\$60,000	4.00%
January 15, 2011	65,000	4.00%
January 15, 2012	65,000	4.00%
January 15, 2013	70,000	4.00%

The term bonds which mature on January 15, 2021 (the 2021 Term Bonds), have an interest rate of 4 percent per year, and are subject to mandatory sinking fund redemption and payable pursuant Mandatory Sinking Fund Redemption Requirements in principal amounts on the Principal Payment Dates (each a Mandatory Redemption Date) as follows:

<b>Year</b>	<b>Principal Amount to be Redeemed</b>
January 15, 2018	\$75,000
January 15, 2019	75,000
January 15, 2020	80,000

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

The balance of the principal of the 2021 Term Bonds (\$80,000) shall be payable at their maturity on January 15, 2021.

The term bonds which mature on January 15, 2027 (the 2027 Term Bonds), have an interest rate of 4 percent per year, and are subject to mandatory sinking fund redemption and payable pursuant Mandatory Sinking Fund Redemption Requirements in principal amounts on the Principal Payment Dates (each a Mandatory Redemption Date) as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
January 15, 2022	\$85,000
January 15, 2023	90,000
January 15, 2024	90,000
January 15, 2025	95,000
January 15, 2026	100,000

The balance of the principal of the 2027 Term Bonds (\$105,000) shall be payable at their maturity on January 15, 2027.

The term bonds which mature on January 15, 2030 (the 2030 Term Bonds), have an interest rate of 4.2 percent per year, and are subject to mandatory sinking fund redemption and payable pursuant Mandatory Sinking Fund Redemption Requirements in principal amounts on the Principal Payment Dates (each a Mandatory Redemption Date) as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
January 15, 2028	\$110,000
January 15, 2029	115,000

The balance of the principal of the 2030 Term Bonds (\$115,000) shall be payable at their maturity on January 15, 2030.

The capital appreciation bonds were issued in the aggregate original principal amount of \$65,000 and mature on January 15 in the years, have the original principal amounts and mature with the accreted values at maturity, as follows:

<u>Maturity Date</u>	<u>Original Principal Amount</u>	<u>Accreted Value at Maturity</u>
2014	\$20,897	\$75,000
2015	17,432	75,000
2016	14,541	75,000
2017	12,130	75,000

The value of the capital appreciation bonds reported at June 30, 2009 was \$65,000. The annual accretion of interest is based on the straight-line method, which approximates the equity interest method. Total accreted interest of \$26,960 has been included in the value. The bonds are being retired through the Bond Retirement Debt Service Fund.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

Total expenditures for interest for the above debt for the period ended June 30, 2009 was \$268,851.

The scheduled payments of principal and interest on the bonds, notes and accretion as of June 30, 2009 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest/ Accretion</u>	<u>Total</u>
2010	\$191,183	\$267,057	\$458,240
2011	201,589	265,862	467,451
2012	207,003	265,197	472,200
2013	137,750	335,416	473,166
2014	68,935	402,924	471,859
2015 – 2019	766,045	1,318,819	2,084,864
2020 – 2024	1,220,000	825,376	2,045,376
2025 - 2029	1,475,000	516,740	1,991,740
2030 – 2034	1,270,000	215,450	1,485,450
2035	265,000	11,395	276,395
Total	<u>\$5,802,505</u>	<u>\$4,424,236</u>	<u>\$10,226,741</u>

**15. CAPITALIZED LEASES – LESSEE DISCLOSURE**

The District entered into capitalized lease agreement for the acquisition of a transportation equipment. The lease meets the criteria of a capital lease as defined by the Financial Accounting Standards Board, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. At inception, the capital lease transaction is accounted for as a capital asset addition and other financing source or non-operating revenue in the appropriate fund, with a corresponding liability recorded in the governmental activities statement of net assets.

Principal and interest payments in 2009 totaled \$19,230 and \$0, respectively, in the general fund, which is a major governmental fund. 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, 2009:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2010	\$ 19,230
2011	19,230
2012	19,230
Total future minimum lease payments	<u>57,690</u>
Less: amount representing interest	<u>(5,185)</u>
Present value of future minimum lease payments	<u>\$ 52,505</u>

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

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

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

	<b>Textbooks</b>	<b>Capital Acquisition</b>
Set-aside Cash Balance as of June 30, 2008	(\$37,221)	
Current Year Set-aside Requirement	79,323	\$79,323
Current Year Offsets		(44,345)
Qualifying Disbursements	(39,688)	(337,561)
Total	\$2,414	(\$302,583)
Cash Balance Carried Forward to FY 2010	\$2,414	

The District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero. The negative amounts may not be used to offset future year capital acquisition set-aside requirements.

**17. 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, Williams, and Wood 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 its participating members, which consists of a representative from each member entity and a representative from the fiscal agent. Financial information can be obtained from Robin Pfund, who serves as Treasurer, 209 Nolan Parkway, Archbold, Ohio 43502.

**B. Northern Buckeye Education Council**

The Northern Buckeye Education Council (the Council) was established in 1979 to foster cooperation among school districts located in Defiance, Fulton, Henry, Lucas, Williams and Wood Counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member 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 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. Total disbursements made by the District to NBEC during the fiscal year were \$28,673. 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 five representatives from the Northwest Ohio Educational Service Center - one each from the counties of Defiance, Fulton, Henry, and Williams and one additional representative; one representative from each of the city school districts; one representative from each of the exempted village school districts. The Four County Career Center possesses its own budgeting and taxing authority. To obtain financial information write to the Four County Career Center, Jennifer Bonner, who serves as Treasurer, 22-900 State Route 34, Archbold, Ohio 43502.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**18. GROUP PURCHASING POOLS**

**A. NBEC Employee Insurance Benefits Program**

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

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

In fiscal year 2009, the District contributed a total of \$357,325 for all four plans. Financial information can be obtained from Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

**B. NBEC WORKERS' COMPENSATION GROUP RATING PLAN**

The District participates in a group-rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Workers' Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Education Council (NBEC) as an insurance purchasing pool. The WCGRP is governed by the Northern Buckeye Education Council and the participating members of the WCGRP. The Executive Director of the NBEC coordinates the management and administration of the program. During this fiscal year, the District paid an enrollment fee of \$504 to the WCGRP to cover the costs of administering the program.

**C. Ohio School Plan**

The District belongs to the Ohio School Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance program to maintain adequate self-insurance protection, risk management programs, and other administrative services to approximately 304 members. Members include public school districts, educational service centers, joint vocational schools, centers of government, and mental retardation/developmentally disabled boards in the State of Ohio. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, automobile, violence, and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's specific deductible. The Plan issues its own policies and reinsures the Plan with reinsurance carriers. Only if the Plan's paid liability loss ratio exceeds 65 percent and is less than 80 percent does the Plan contribute to paid claims. (See the Plan's audited financial statements on the website for more details.) The individual members are responsible for their self-retention (deductible) amounts, which vary from member to member. The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):



**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

	<u>2008</u>	<u>2007</u>
Assets	\$3,273,989	\$2,646,185
Liabilities	\$ 1,873,157	\$1,621,941
Members' Equity	\$1,400,832	\$1,024,244

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

**19. RISK MANAGEMENT**

**A. Comprehensive**

**Risk Pool Membership**

The District belongs to the Ohio School Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio's public educational entities ("Members").

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

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

Settled claims have not exceeded this commercial coverage in any of the past three years, and there have been no significant reductions in insurance coverage from last year.

**B. Employee Insurance Benefits Program**

The District participates in the Northern Buckeye Education Council Employee Insurance Benefits Program (the Program), a public entity shared risk pool (see Note 17) consisting of school districts within Defiance, Fulton, Henry, Lucas, Williams and Wood Counties and other eligible governmental entities. The District pays monthly premiums to the Northern Buckeye Education Council for the benefits offered to its employees, which includes health, dental, and life insurance plans. The Northern Buckeye Education Council is responsible for the management and operations of the program. The agreement for the Program provides for additional assessments to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Program, a participant is responsible for any claims not processed and paid and any related administrative costs.

**C. Workers' Compensation Group Program**

The District participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (see 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

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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 premium, enrollment or other fees, and perform its obligations in accordance with the terms of the agreements.

**20. CONTINGENCIES**

**A. Grants**

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

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2009.

**B. Litigation**

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

**21. CONTRACTUAL COMMITMENTS**

As of June 30, 2009, the District had the following contractual purchase commitments:

<b>Company</b>	<b>Amount Remaining</b>
Bielharz Architects	\$258
Continental Office	1,552
McDonald's	242,320
Woolace Electric	14,407
Stark's Incorporated	140,808
Vulcan	450
Touchstone CM	35,729
Data Eclipse	5,097
Bonamase	88,449
Warner Mechanical Corp	0
Four Seasons Environment	206
Total	\$529,276

**22. ACCOUNTING CORRECTION**

The District's capital assets were improperly reported in the prior audit. This correction had the following effect on net assets:

Net Assets , as previously reported at June 30, 2008	\$9,678,088
Correction in reporting capital assets	(64,777)
Net Assets, as restated at July 1, 2008	\$9,613,311

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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

Stryker Local School District  
Williams County  
400 South Defiance Street  
Stryker, Ohio 43557-9491

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Stryker Local School District, Williams County, Ohio (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

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

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

*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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-SLSD-01 and 02 described in the accompanying schedule of findings to be material weaknesses.

### 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 grants agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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.

We intend this report solely for the information and use of management, the Board of Education, and others within the District. We intend it for no one other than these specified parties.

***Charles E. Harris and Associates, Inc.***

December 30, 2010

## SCHEDULE OF FINDINGS

Stryker Local School District  
Williams County  
June 30, 2009

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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### FINDING NUMBER 2010-SLSD-01 Material Weakness

A capital assets management system ensures that policies and procedures are in place to safeguard assets and maintains the integrity of financial statement information. These procedures should include: authorizing and recording disposals and transfers of assets; recording purchases as additions at the time items are received; tagging assets to ensure that each asset is in the appropriate location and described accurately in the District's inventory list.

The District's capital asset system balances (EIS) did not agree with the capital asset spreadsheets prepared during the GAAP conversion, nor to the amounts included in the financial statements. Also, the GAAP conversion of capital assets classified by asset class did not agree with the EIS asset classification, and additions and disposals to capital assets were not properly reported. The financial statements have been adjusted to agree to the EIS system.

The District is relying on a contracted service provider to compile the financial statements. We recommend that the District establish a process to accurately track the costs associated with each asset. In addition, they should establish a procedure to ensure they have captured all of capital assets acquired and disposed during the year. This information should be summarized and given to the financial statement preparers for recording in the District's financial statements.

#### Management's Response:

Management understands and agrees with the citation and will make the necessary corrections.

SCHEDULE OF FINDINGS - (continued)

Stryker Local School District  
Williams County  
June 30, 2009

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-SLSD-02 Material Weakness

In 2010, the American Institute of Certified Public Accountants (AICPA), the national professional organization for certified public accountants, issued its Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which supersedes SAS No. 112. This standard became effective for audits of financial statements for periods ending on or after December 15, 2009.

The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 115 establishes standards, responsibilities and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client's internal control over financial reporting. This new standard requires the audit to report, *in writing*, to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses. To this end, SAS No. 115 lists specific control deficiencies that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

The compilation and presentation of materially correct financial statements and the related footnotes is the responsibility of management of the District. Independent auditors are not part of the entity's internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

As a result of our audit, we identified material misstatements in the District's financial statements, as well as other misstatements that were not necessarily material, but were more than inconsequential. These items include, but are not limited to audit adjustments to the original financial statement that was presented for audit, presentation of budgetary notes, disclosures regarding schedules of long-term bonds, notes payables and capital leases, and completion of MD&A. Material amounts noted above have been adjusted in the financial statements.

The District is relying on a contracted service provider to compile the financial statements. We recommend the District consider modifying the existing control procedures over the financial reporting process to include an independent review of the financial statements and the related journal entries before being audited. Additionally, the Treasurer and the contracted service provider should review the adjustments and reclassifications identified during the current audit and ensure that similar errors are not reported on financial statements in subsequent years.

Management's Response: Management understands and agrees with the citation and will make the necessary corrections.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY  
JUNE 30, 2009**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

The prior audit report, for the year ending June 30, 2008, reported no material citations or recommendations.

INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

Stryker Local School District  
Williams County  
400 South Defiance Street  
Stryker, Ohio 43557-9491

To the Board of Education:

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

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

1. We noted that the Board adopted a revised anti-harassment policy at its meeting on November 16, 2009.
2. We read the policy, noting it included the following requirements for Ohio Revised Code Section 3313.666 (B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any students on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Revised Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;
  - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;



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

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

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

***Charles E. Harris & Associates, Inc.***

December 30, 2010

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# Dave Yost • Auditor of State

**STRYKER LOCAL SCHOOL DISTRICT**

**WILLIAMS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 24, 2011**