

***STRYKER LOCAL SCHOOL DISTRICT***

***WILLIAMS COUNTY***

**Audit Report**

**For the Year Ended June 30, 2010**

***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, 2009 through June 30, 2010. 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, 2010

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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, 2010, 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, 2010, 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.

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

***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, 2010  
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, 2010. 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 2010 are as follows:

In total, net assets increased \$412,785.

General revenues accounted for \$4,607,535, or 79 percent of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for \$1,227,820, or 21 percent of total revenues of \$5,835,355.

The District's major funds include the General Fund and the Bond Retirement Fund.

The General Fund had \$4,355,973 in revenues and \$4,414,632 in expenditures and other financing uses. The General Fund's balance decreased \$58,659 from the prior fiscal year.

The Bond Retirement Fund had \$432,230 in revenues and \$405,463 in expenditures. The Bond Retirement Fund's balance increased \$26,767 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 and the Bond Retirement Fund.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2010  
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 2010. 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 and the Bond Retirement 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, 2010  
Unaudited  
(Continued)**

**The District as a Whole**

Table 1 provides a summary of the District's net assets for fiscal year 2010 compared to fiscal year 2009. The District's increase in general revenues aided the decrease in current liabilities.

**Table 1  
Net Assets  
Governmental Activities**

	<u>2010</u>	<u>2009</u>
<b><u>Assets:</u></b>		
Current and Other Assets	\$3,084,014	\$3,152,296
Capital Assets, Net	15,128,801	14,906,913
Total Assets	<u>18,212,815</u>	<u>18,059,438</u>
<b><u>Liabilities:</u></b>		
Current and Other Liabilities	1,696,155	1,799,268
Long-Term Liabilities	<u>6,108,311</u>	<u>6,264,377</u>
Total Liabilities	<u>7,804,466</u>	<u>8,063,645</u>
<b><u>Net Assets:</u></b>		
Invested in Capital Assets, Net of Related Debt	9,481,652	9,051,903
Restricted	611,943	563,342
Unrestricted	<u>314,754</u>	<u>380,319</u>
Total	<u>\$10,408,349</u>	<u>\$9,995,564</u>

The increase in Capital Assets, Net was mostly from the balance of the OSFC project and the brick refacing of the 1957 building.

Table 2 reflects the changes in net assets for fiscal year 2010, compared to fiscal year 2009. 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, 2010  
Unaudited  
(Continued)**

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

	<u>2010</u>	<u>2009</u>
<b><u>Revenues:</u></b>		
Program Revenues:		
Charges for Services and Sales	\$448,142	\$360,460
Operating Grants, Contributions and Interest	666,112	534,884
Total Program Revenues	<u>1,114,254</u>	<u>895,344</u>
General Revenues:		
Property Taxes	1,416,252	1,457,417
Income Taxes	711,878	765,406
Grants and Entitlements	2,542,194	2,451,082
Interest	8,768	61,562
Gifts and Donations	14,224	14,188
Miscellaneous	27,785	80,374
Total General Revenues	<u>4,721,101</u>	<u>4,830,029</u>
Total Revenues	<u>5,835,355</u>	<u>5,725,373</u>
<b><u>Expenses:</u></b>		
Instruction	3,273,981	2,941,246
Support Services:		
Pupils	182,051	314,995
Instructional Staff	227,694	272,347
Board of Education	59,758	24,728
Administration	338,219	340,728
Fiscal	172,339	199,106
Business	7,664	8,177
Operation and Maintenance of Plant	298,242	439,137
Pupil Transportation	172,357	160,569
Central	29,982	26,773
Non-Instructional	205,703	131,432
Extracurricular Activities	187,523	215,031
Interest and Fiscal Charges	267,057	268,851
Total Expenses	<u>5,422,570</u>	<u>5,343,120</u>
Increase/(Decrease) in Net Assets	<u>\$412,785</u>	<u>\$382,253</u>

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, 2010  
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>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
Instruction	\$3,273,981	\$2,570,418	\$2,941,246	\$2,483,774
Support Services:				
Pupils	182,051	181,112	314,995	221,008
Instructional Staff	227,694	181,920	272,347	221,743
Board of Education	59,758	59,758	24,728	24,728
Administration	338,219	338,219	340,728	340,728
Fiscal	172,339	172,339	199,106	199,106
Business	7,664	7,664	8,177	8,177
Operation and Maintenance of Plant	298,242	233,877	439,137	439,137
Pupil Transportation	172,357	154,748	160,569	138,265
Central	29,982	24,982	26,773	21,773
Non-Instructional	205,703	10,436	131,432	(50,425)
Extracurricular Activities	187,523	105,786	215,031	130,911
Interest and Fiscal Charges	267,057	267,057	268,851	268,851
<b>Total Expenses</b>	<u><u>\$5,422,570</u></u>	<u><u>\$4,308,316</u></u>	<u><u>\$5,343,120</u></u>	<u><u>\$4,447,776</u></u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 78.5 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 79.5 percent. The remaining 20.5 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 \$5,740,623 and expenditures of \$5,800,523. The overall change in fund balance was a decrease of \$59,900. This decrease was almost entirely related to changes which occurred within the general fund.

**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 2010, the District amended its General Fund budget as needed.

Final expenditures were budgeted at \$4,818,648 while actual expenditures were \$4,471,521. The \$347,127 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 2010, the District had \$15,128,801 invested in capital assets (net of accumulated depreciation) for governmental activities.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2010  
Unaudited  
(Continued)**

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

**Debt**

At June 30, 2010, the District had \$5,661,770 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 \$56,322 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, 2010, the District's overall legal debt margin was \$1,371,240, with an un-voted debt margin of \$57,674.

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 second year of the state biennium budget. 47 percent of District revenue sources are from local funds, 44 percent is from state funds and the remaining 9 percent is from federal funds. The total expenditure per pupil was calculated at \$8,501.

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 reduce state funding, 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, 2010**

		<b>Governmental Activities</b>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$	1,246,636
Materials and Supplies Inventory		5,898
Accrued Interest Receivable		1,313
Accounts Receivable		352
Intergovernmental Receivable		95,712
Prepaid Items		1,730
Taxes Receivable		1,441,456
Income Taxes Receivable		290,917
Capital Assets:		
Non-Depreciable Capital Assets		338,751
Depreciable Capital Assets, net		14,790,050
Total Assets		<u>18,212,815</u>
<b>LIABILITIES:</b>		
Accrued Wages and Benefits		332,009
Intergovernmental Payable		99,305
Matured Compensated Absences Payable		18,256
Deferred Revenue		1,246,585
Long-Term Liabilities:		
Due Within One Year		219,078
Due in More Than One Year		5,889,233
Total Liabilities		<u>7,804,466</u>
<b>NET ASSETS:</b>		
Invested in Capital Assets, Net of Related Debt		9,481,652
Restricted for Debt Service		329,084
Restricted for Capital Outlay		31,176
Restricted for Other Purposes		251,683
Unrestricted		314,754
Total Net Assets	\$	<u><u>10,408,349</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, 2010**

	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	\$ 2,414,469	\$ 269,056	\$ 174,505
Special	441,015		251,682
Vocational	13,174		8,320
Adult/Continuing	13,450		
Student Intervention Services	391,863		
Other	10		
<b>Support Services:</b>			
Pupils	182,051		939
Instructional Staff	227,694		45,774
Board of Education	59,758		
Administration	338,219		
Fiscal	172,339		
Business	7,664		
Operation and Maintenance of Plant	298,242		64,365
Pupil Transportation	172,357		17,609
Central	29,982		5,000
Operation of Non-Instructional Services	205,703	97,349	97,918
Extracurricular Activities	187,523	81,737	
<b>Debt Service:</b>			
Interest and Fiscal Charges	267,057		
<b>Totals</b>	<b>\$ 5,422,570</b>	<b>\$ 448,142</b>	<b>\$ 666,112</b>

**General Revenues:**

<b>Taxes:</b>	
Property Taxes, Levied for General Purposes	1,091,387
Property Taxes, Levied for Capital Outlay	44,833
Property Taxes, Levied for Debt Service	280,032
Income Taxes	711,878
Grants and Entitlements not Restricted to Specific Programs	2,542,194
Gifts and Donations	14,224
Investment Earnings	8,768
Miscellaneous	27,785
<b>Total General Revenues</b>	<b>4,721,101</b>
Change in Net Assets	412,785
Net Assets Beginning of Year	9,995,564
<b>Net Assets End of Year</b>	<b>\$ 10,408,349</b>

See Accompanying Notes to the Basic Financial Statements



**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Balance Sheet  
Governmental Funds  
June 30, 2010**

	<b>General Fund</b>	<b>Bond Retirement Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 691,454	\$ 288,257	\$ 251,452	\$ 1,231,163
Materials and Supplies Inventory			5,898	5,898
Accrued Interest Receivable	1,313			1,313
Accounts Receivable	30		322	352
Interfund Receivable	26,639			26,639
Intergovernmental Receivable			95,712	95,712
Prepaid Items	1,503		227	1,730
Taxes Receivable	1,108,884	287,323	45,249	1,441,456
Income Taxes Receivable	290,917			290,917
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	15,473			15,473
<b>Total Assets</b>	<b>\$ 2,136,213</b>	<b>\$ 575,580</b>	<b>\$ 398,860</b>	<b>\$ 3,110,653</b>
<b>Liabilities</b>				
Current Liabilities:				
Accrued Wages and Benefits	320,200		11,809	332,009
Interfund Payable			26,639	26,639
Intergovernmental Payable	93,560		5,745	99,305
Matured Compensated Absences Payable	18,256			18,256
Deferred Revenue	1,081,312	263,661	109,380	1,454,353
	1,513,328	263,661	153,573	1,930,562
<b>Fund Balances</b>				
Reserved:				
Reserved for Encumbrances	19,522		65,110	84,632
Reserved for Inventory			5,898	5,898
Reserved for Prepaid Items	1,503		227	1,730
Reserved for Property Taxes	84,871	23,662	3,696	112,229
Reserved for Textbooks and Instructional Material	15,473			15,473
Unreserved, Undesignated, Reported in:				
General Fund	501,516			501,516
Special Revenue Funds			130,218	130,218
Debt Service Funds		288,257		288,257
Capital Projects Funds			40,138	40,138
<b>Total Fund Balances</b>	<b>622,885</b>	<b>311,919</b>	<b>245,287</b>	<b>1,180,091</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,136,213</b>	<b>\$ 575,580</b>	<b>\$ 398,860</b>	<b>\$ 3,110,653</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, 2010**

Total Governmental Fund Balances	\$	1,180,091
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.		15,128,801
Taxes Receivable that do not provide financial resources are not reported as revenues in governmental fund.		207,768
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:		
Capital Leases Payable	(35,827)	
General Obligation and Capital Appreciation Bonds Payable and Accretion	(5,718,092)	
Compensated Absences Payable	<u>(354,392)</u>	
		<u>(6,108,311)</u>
Net Assets of Governmental Activities	\$	<u><u>10,408,349</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, 2010**

	<b>General Fund</b>	<b>Bond Retirement Fund</b>	<b>All Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>				
Property and Other Local Taxes	\$ 1,072,508	\$ 274,888	\$ 44,140	\$ 1,391,536
Income Tax	583,929	124,466		708,395
Intergovernmental	2,407,021	32,876	701,876	3,141,773
Interest	8,474		294	8,768
Tuition and Fees	258,195		9,943	268,138
Extracurricular Activities			82,655	82,655
Gifts and Donations			14,224	14,224
Customer Sales and Services			97,349	97,349
Miscellaneous	25,846		1,939	27,785
Total Revenues	4,355,973	432,230	952,420	5,740,623
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	2,033,654		142,991	2,176,645
Special	223,798		228,918	452,716
Vocational	14,528			14,528
Adult/Continuing			13,450	13,450
Student Intervention Services	391,863			391,863
Other	10			10
Support Services:				
Pupils	182,005		939	182,944
Instructional Staff	198,140		21,146	219,286
Board of Education	59,758			59,758
Administration	329,076			329,076
Fiscal	159,805	9,753	1,262	170,820
Business	7,664			7,664
Operation and Maintenance of Plant	248,251		78,513	326,764
Pupil Transportation	143,935			143,935
Central	24,982		5,000	29,982
Operation of Non-Instructional Services			192,350	192,350
Extracurricular Activities	123,969		89,164	213,133
Capital Outlay	219,106		221,635	440,741
Debt Service:				
Principal	37,861	170,000		207,861
Interest	1,288	225,710		226,998
Total Expenditures	4,399,693	405,463	995,368	5,800,524
Excess of Revenues Over (Under) Expenditures	(43,720)	26,767	(42,948)	(59,901)
<b>OTHER FINANCING SOURCES AND USES:</b>				
Transfers In			72,827	72,827
Transfers Out	(14,939)		(57,888)	(72,827)
Total Other Financing Sources and Uses	(14,939)	-	14,939	-
Net Change in Fund Balances	(58,659)	26,767	(28,009)	(59,901)
Fund Balance (Deficit) at Beginning of Year	681,544	285,152	273,296	1,239,992
Fund Balance (Deficit) at End of Year	\$ 622,885	\$ 311,919	\$ 245,287	\$ 1,180,091

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, 2010**

Net Change in Fund Balances - Total Governmental Funds \$ (59,901)

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	613,043	
Depreciation	<u>(373,441)</u>	
		239,602

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		(17,714)
---	--	----------

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Intergovernmental	66,533	
Income Taxes	3,483	
Delinquent Property Taxes	<u>24,716</u>	
		94,732

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statements of activities.		207,861
--	--	---------

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities.		(40,059)
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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		(11,736)
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Change in Net Assets of Governmental Activities		\$ <u><u>412,785</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, 2010**

	<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	\$ 1,016,932	\$ 1,068,674	\$ 1,068,674	\$ -
Income Tax	669,258	609,423	609,423	-
Intergovernmental	2,382,505	2,407,021	2,407,021	-
Interest	29,733	10,195	10,365	170
Tuition and Fees	158,745	258,195	258,195	-
Miscellaneous	22,220	3,678	3,678	-
<b>Total Revenues</b>	<u>4,279,393</u>	<u>4,357,186</u>	<u>4,357,356</u>	<u>170</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	2,036,168	2,056,168	2,019,090	37,078
Special	361,858	346,858	217,289	129,569
Vocational	37,762	37,762	21,652	16,110
Student Intervention Services	363,095	393,453	392,513	940
Other	500	500		500
Support Services:				
Pupils	181,623	191,372	190,798	574
Instructional Staff	204,596	209,596	191,608	17,988
Board of Education	33,545	63,545	59,508	4,037
Administration	345,048	349,051	335,495	13,556
Fiscal	171,074	171,074	161,871	9,203
Business	7,664	7,664	7,664	-
Operation and Maintenance of Plant	366,383	369,383	263,279	106,104
Pupil Transportation	162,362	168,824	168,014	810
Central	26,400	26,400	24,970	1,430
Extracurricular Activities	124,277	125,277	124,732	545
Capital Outlay	265,310	269,310	228,989	40,321
Debt Service:				
Principal	21,175	22,175	21,822	353
Interest	1,297	1,297	649	648
<b>Total Expenditures</b>	<u>4,710,137</u>	<u>4,809,709</u>	<u>4,429,943</u>	<u>379,766</u>
Excess of Revenues Over (Under) Expenditures	<u>(430,744)</u>	<u>(452,523)</u>	<u>(72,587)</u>	<u>379,936</u>
Other Financing Sources and Uses:				
Transfers In		6,000		(6,000)
Refund of Prior Year Expenditures	54,283	22,638	22,638	-
Transfers Out	(15,000)	(8,939)	(14,939)	(6,000)
Advances Out			(26,639)	(26,639)
<b>Total Other Financing Sources and Uses</b>	<u>39,283</u>	<u>19,699</u>	<u>(18,940)</u>	<u>(38,639)</u>
<b>Net Change in Fund Balances</b>	<u>(391,461)</u>	<u>(432,824)</u>	<u>(91,527)</u>	<u>341,297</u>
Fund Balance (Deficit) at Beginning of Year	691,737	691,737	691,737	-
Prior Year Encumbrances Appropriated	87,195	87,195	87,195	-
<b>Fund Balance (Deficit) at End of Year</b>	<u>\$ 387,471</u>	<u>\$ 346,108</u>	<u>\$ 687,405</u>	<u>\$ 341,297</u>

See Accompanying Notes to the Basic Financial Statements

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2010**

	<u>Agency Fund</u>
<b>Assets</b>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ <u>25,765</u>
Total Assets	<u>25,765</u>
<b>Liabilities</b>	
Current Liabilities:	
Due to Students	<u>25,765</u>
Total Liabilities	\$ <u><u>25,765</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, 2010**

**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 20 non-certified and 33 certified full-time teaching personnel who provide services to 468 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, and the Northern Buckeye Education Council Workers' Compensation Group Rating 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, 2010  
(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 two 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.

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.



**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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, 2010  
(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, 2010, but which were levied to finance fiscal year 2011 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, 2010  
(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 2010, 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, 2010.

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 2010 amounted to \$8,474 and \$294 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, 2010  
(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, 2010  
(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, 2010  
(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 2010.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(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	(\$58,659)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2009, Received In Cash FY 2010	343,853
Accrued FY 2010, Not Yet Received in Cash	(342,470)
Expenditure Accruals:	
Accrued FY 2009, Paid in Cash FY 2010	(441,241)
Accrued FY 2010, Not Yet Paid in Cash	453,151
Encumbrances Outstanding at Year End (Budget Basis)	(19,522)
Budget Basis	<u><u>(\$64,888)</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.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 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, 2010, the carrying amount of all District deposits was \$1,271,963. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, \$1,080,587 of the District's bank balance of \$1,330,587 was exposed to custodial risk as discussed below, while \$250,000, 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, 2010, 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, 2010:

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, 2010:

<u>Cash and Investments per Footnote</u>	
Carrying amount of deposits	\$1,271,963
Investments	438
Total	<u>\$1,272,401</u>
 <u>Cash and Investments per Statement of Net Assets</u>	
Governmental Activities	\$1,246,636
Agency Funds	25,765
Total	<u>\$1,272,401</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 2010 represent the collection of calendar year 2009 taxes. Real property taxes for 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, 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 2010 were levied after April 1, 2009, on the assessed values as of December 31, 2008, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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, 2010, are available to finance fiscal year 2010 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, 2010 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

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they levied to finance fiscal year 2010 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, 2010, was \$84,871 in the General Fund, \$23,662 in the Bond Retirement Fund, and \$3,696 in the Permanent Improvement Fund. The amount available as an advance at June 30, 2009, was \$81,037 in the General Fund, \$22,482 in the Bond Retirement Fund, and \$3,700 in the Permanent Improvement Fund.

The assessed values upon which the fiscal year 2010 taxes were collected are:

	<b>2009 Second- Half Collections</b>		<b>2010 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Commercial/Industrial	\$6,771,480	12%	\$7,512,120	13%
Agricultural/Residential	42,957,260	78%	45,953,100	80%
Public Utility	4,261,680	8%	4,208,590	7%
Tangible Personal	1,231,590	2%	0	0%
Total Assessed Value	<u>\$55,222,010</u>	<u>100%</u>	<u>\$57,673,810</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$45.60		\$45.60	

**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 Bond Retirement Fund.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**7. RECEIVABLES**

Receivables at June 30, 2010, 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**

As of June 30, 2010, on the fund financial statements, Special Revenue Funds owed the General Fund \$26,639. These amounts are represented as "Interfund Receivable/Payable" on the balance sheet.

**9. TRANSFERS**

Following is a summary of transfers for all funds at June 30, 2010:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		\$14,939
Nonmajor Governmental Funds:		
Capital Projects	\$40,695	57,888
Special Revenue	32,132	
Total Nonmajor Governmental Funds	<u>72,827</u>	<u>57,888</u>
Governmental Funds Totals	<u>\$72,827</u>	<u>\$72,827</u>

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

**STRYKER LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**10. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	<u>Balance at 6/30/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/10</u>
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$338,751	\$-	\$-	\$338,751
Total Nondepreciable Capital Assets	<u>338,751</u>	<u>-</u>	<u>-</u>	<u>338,751</u>
Depreciable Capital Assets				
Land Improvements	152,334	15,000	-	167,334
Buildings and Building Improvements	15,585,882	559,632	-	16,145,514
Furniture, Fixtures, and Equipment	872,698	38,411	24,371	886,738
Vehicles	431,000	-	81,220	349,780
Total Depreciable Capital Assets	<u>17,041,914</u>	<u>613,043</u>	<u>105,591</u>	<u>17,549,366</u>
Less Accumulated Depreciation				
Land Improvements	191,729	10,650	-	202,379
Buildings and Building Improvements	1,614,652	299,564	-	1,914,216
Furniture, Fixtures, and Equipment	434,304	43,556	17,029	460,831
Vehicles	233,067	19,671	70,848	181,890
Total Accumulated Depreciation	<u>2,473,752</u>	<u>373,441</u>	<u>87,877</u>	<u>2,759,316</u>
Depreciable Capital Assets, Net	<u>14,568,162</u>	<u>239,602</u>	<u>17,714</u>	<u>14,790,050</u>
Governmental Activities Capital Assets, Net	<u>\$14,906,913</u>	<u>\$239,602</u>	<u>\$17,714</u>	<u>\$15,128,801</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$249,152
Special	2,916
Vocational	52
Support Services:	
Pupil	5,029
Instructional Staff	18,215
Administration	6,266
Fiscal	1,156
Operation and Maintenance of Plant	31,185
Pupil Transportation	19,251
Non-Instructional Services	12,695
Extracurricular	16,874
Capital Outlay	10,650
Total Depreciation Expense	<u>\$373,441</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 2010, 12.78 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, 2010, 2009 and 2008 were \$72,319, \$73,969, and \$80,264, respectively; 40 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**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, 2010, 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 2009, 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, 2010, 2009, and 2008 were \$260,593, \$270,751, and \$306,576, respectively; 83 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**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, 2010, 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, .46 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 2010, 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, 2010, 2009, and 2008 were \$21,489, \$22,085, and \$23,965 respectively; 40 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$3,874, \$3,487, and \$3,784, respectively; 40 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**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, 2010, 2009, and 2008 were \$18,614, \$19,339, and \$21,898, respectively; 83 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**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 5 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, 2010, the following changes occurred in obligations reported in the Government - Wide Financial Statements:

	<b>Balance at 6/30/09</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at 6/30/10</b>	<b>Amounts Due Within One Year</b>
Governmental Activities:					
School Facilities Improvement					
Bonds, Series 2006A					
Serial Bonds	\$345,000	\$-	\$110,000	\$235,000	\$115,000
Term Bonds	3,695,000	-	-	3,695,000	-
Capital Appreciation Bonds	145,000	-	-	145,000	-
Accretion on Bonds	39,751	23,136	-	62,887	-
School Facilities Improvement					
Bonds, Series 2006B					
Serial Bonds	260,000	-	60,000	200,000	65,000
Term Bonds	1,215,000	-	-	1,215,000	-
Capital Appreciation Bonds	65,000	-	-	65,000	-
Accretion on Bonds	26,960	16,923	-	43,883	-
Notes Payable	77,505	-	21,183	56,322	21,589
Capital Leases Payable	52,505	-	16,678	35,827	17,489
Compensated Absences	342,656	354,392	342,656	354,392	-
<b>Total Governmental Activities</b>	<b><u>\$6,264,377</u></b>	<b><u>\$394,451</u></b>	<b><u>\$550,517</u></b>	<b><u>\$6,108,311</u></b>	<b><u>\$219,078</u></b>

Debt outstanding at June 30, 2010 consisted of a school improvement note totaling \$56,322 (interest rates at June 30, 2010 were 1.90 percent). The note was issued in September 1999 and will mature in September 2014.

The District had school facilities bonds of \$4,075,000 (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 \$1,480,000 (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:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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:

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

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
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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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, 2010  
(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:

<u>Maturity Date</u>	<u>Original Principal Amount</u>	<u>Accreted Value at Maturity</u>
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, 2010 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 \$62,887 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:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
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, 2010  
(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:

Year	Principal Amount to be Redeemed
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:

Year	Principal Amount to be Redeemed
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:

Maturity Date	Original Principal Amount	Accreted Value at Maturity
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, 2010 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 \$43,833 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, 2010  
(Continued)**

Total expenditures for interest for the above debt for the period ended June 30, 2010 was \$267,057. Of this amount, \$40,059 was accretion on bonds.

The scheduled payments of principal and interest on the general obligation bonds, capital appreciation bonds and notes payables as of June 30, 2010 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$201,589	\$219,792	\$421,381
2012	207,003	212,178	419,181
2013	137,750	274,364	412,114
2014	68,935	332,575	401,510
2015	59,374	342,136	401,510
2016 – 2020	931,671	1,069,879	2,001,550
2021 – 2025	1,250,000	730,550	1,980,550
2026 - 2030	1,535,000	456,490	1,991,490
2031 – 2035	1,220,000	160,985	1,380,985
Total	<u>\$5,611,322</u>	<u>\$3,798,949</u>	<u>\$9,410,271</u>

The schedule on the yearly accretion of capital appreciation bonds, as of June 30, 2010 is as follows:

<u>Year Ending June 30</u>	<u>Beginning Balance</u>	<u>Yearly Accretion</u>	<u>Ending Balance</u>
2011	\$ 106,770	\$ 46,070	\$ 152,840
2012	152,840	53,019	205,859
2013	205,859	61,052	266,911
2014	266,911	70,349	337,260
2015	337,260	81,114	418,374
2016	418,374	46,626	465,000

**15. CAPITALIZED LEASES – LESSEE DISCLOSURE**

The District entered into capitalized lease agreement for the acquisition of 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.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

Principal and interest payments in 2010 totaled \$16,678 and \$2,552, 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, 2010:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>	
2011	\$	19,230
2012		19,230
Total future minimum lease payments		38,460
Less: amount representing interest		(2,633)
Present value of future minimum lease payments	\$	<u>35,827</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.

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.

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside Cash Balance as of June 30, 2009	\$2,414	
Current Year Set-aside Requirement	78,887	\$78,887
Current Year Offsets		
Qualifying Disbursements	(65,828)	(292,386)
Total	<u>\$15,473</u>	<u>(\$213,499)</u>
Cash Balance Carried Forward to FY 2011	<u>\$15,473</u>	

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, Treasurer, 209 Nolan Parkway, Archbold, Ohio 43502.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**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 \$30,734. To obtain financial information write to the Northern Buckeye Education Council, Robin Pfund, Treasurer, 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.

**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 2010, the District contributed a total of \$389,840 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 \$492 to the WCGRP to cover the costs of administering the program.



**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**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 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.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**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, 2010.

**B. Litigation**

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

**Stryker Local School District**  
Schedule of Federal Awards Expenditures  
For the Year Ending June 30, 2010

Federal Grantor/Pass Through Grantor Number/Program Title	CFDA Number	Grant Number	Federal Receipts	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>				
Nutrition Cluster:				
Pass through Ohio Department of Development:				
National School Lunch Program	10.555	2010	\$ 63,466	\$ 63,466
Breakfast Program	10.553	2010	8,371	8,371
Direct Program:				
Non-Cash Assistance:				
National School Lunch Program - Food Commodities - Note 2	10.555	2010	<u>24,652</u>	<u>24,652</u>
<b>Total U.S. Department of Agriculture</b>			96,489	96,489
<b><u>U.S. Department of Education</u></b>				
Pass through Ohio Department of Education				
ESEA Title I, Part A, Title I Grants to Local Education Agencies				
ARRA - Title I - Targeted Asst. - FY 10	84.389	2010	22,672	22,672
Title I - Basic Grant - FY 10	84.010	2010	<u>76,874</u>	<u>76,874</u>
<b>Total Title I - Grants to Local Education Agencies</b>			99,546	99,546
Title VI - B, Special Education - Assistance to States for Education of Handicapped Children				
Special Education Cluster:				
ARRA - Title VI - B - FY 10	84.391	2010	68,850	68,850
Title VI - B - FY 10	84.027	2010	94,086	94,086
ARRA - Title VI - Pre-School - FY 10	84.392	2010	3,191	3,191
Title VI Pre-School - FY10	84.173	2010	<u>3,570</u>	<u>3,570</u>
<b>Total Special Education Cluster</b>			169,697	169,697
Drug - Free School Grant - FY 10	84.186	2010	939	939
ARRA - Education Stabilization Fund	84.394	2010	134,465	134,465
Title II-D Technology - FY 10	84.318	2010	321	321
Title II-A - Improv. Teacher Quality - FY 10	84.367	2010	16,057	16,057
REAP Grant				
REAP - FY 09	84.358	2009	1,294	1,294
REAP - FY 10	84.358	2010	<u>9,943</u>	<u>9,943</u>
<b>Total REAP Grant</b>			<u>11,237</u>	<u>11,237</u>
<b>Total U.S. Department of Education</b>			<u>432,262</u>	<u>432,262</u>
<b>Total Federal Assistance</b>			<u>\$ 528,751</u>	<u>\$ 528,751</u>

See accompanying Notes to the Schedule of Federal Awards Expenditures

**STRYKER LOCAL SCHOOL DISTRICT**  
**Williams County, Ohio**  
**Notes to the Federal Awards Expenditure Schedule**  
**For the Year Ended June 30, 2010**

**1. Significant Accounting Policies**

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

**2. Food Distribution**

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2010, the District had immaterial food commodities in inventory.

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, 2010, 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 2010-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 audit committee, the Board of Education, federal awarding agencies and pass-through entities 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

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

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

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

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

To the Board of Education:

**Compliance**

We have audited the compliance of the Stryker Local School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2010.

**Internal Control Over Compliance**

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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

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

December 30, 2010



**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505**

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY  
June 30, 2010**

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

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Budget Stabilization CFDA #84.394 Special Education: Title VI-B IDEA B-CDFA #84.027 Title VI-B IDEA B-ARRA CDFA #84.391 Title VI Preschool CFDA #84.173 Title VI Preschool ARRA CFDA #84.392
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No

SCHEDULE OF FINDINGS - (continued)

Stryker Local School District  
Williams County  
June 30, 2010

<p>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>
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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, 2010

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

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.

SCHEDULE OF FINDINGS - (continued)

Stryker Local School District  
Williams County  
June 30, 2010

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (continued)

FINDING NUMBER 2010-SLSD-02 Material Weakness

Management's Response:

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

3. FINDINGS FOR FEDERAL AWARDS

None.

**STRYKER LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
June 30, 2010**

<b>FINDING NUMBER</b>	<b>FUNDING SUMMARY</b>	<b>FULLY CORRECTED?</b>	<b>Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
2009-SLSD-01	Material Weakness – Capital Asset Management	No	Repeated as Finding 2010-SLSD-01
2009-SLSD-02	Material Weakness – SAS 115 - Numerous audit adjustments made.	No	Repeated as Finding 2010-SLSD-02

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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**