

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY  
SINGLE AUDIT  
JUNE 30, 2009**

***Perry & Associates***  
Certified Public Accountants, A.C.





Mary Taylor, CPA  
Auditor of State

Board of Education  
Bucyrus City School District  
117 East Mansfield Street  
Bucyrus, Ohio 44820

We have reviewed the *Independent Accountants' Report* of the Bucyrus City School District, Crawford County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

March 16, 2010

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**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants’ Report .....	1
Management’s Discussion and Analysis .....	3
Government-Wide Financial Statements:	
Statement of Net Assets.....	11
Statement of Activities .....	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	14
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities .....	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual – General Fund .....	18
Statement of Fiduciary Net Assets – Fiduciary Funds .....	19
Statement of Change in Fiduciary Net Assets – Private Purpose Trust Fund.....	20
Notes to the Basic Financial Statements.....	21
Supplementary Data:	
Federal Awards Receipts and Expenditures Schedule.....	48
Notes to the Schedule of Federal Awards Receipts and Expenditures .....	49
Independent Accountants’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	50
Independent Accountants’ Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	52
Schedule of Findings - OMB Circular A -133 § .505.....	54
Independent Accountants’ Report on Applying Agreed-Upon Procedures .....	55

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***Perry & Associates***  
Certified Public Accountants, A.C.

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**INDEPENDENT ACCOUNTANTS' REPORT**

January 8, 2010

Bucyrus City School District  
Crawford County  
117 East Mansfield Street  
Bucyrus, Ohio 44820

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 **Bucyrus City School District, Crawford County, Ohio** (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bucyrus City School District, as of June 30, 2009, and the respective changes in financial position thereof and the respective 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 January 8, 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 and 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 the 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 3, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Heirarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, for the year ending June 30, 2009.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.



Bucyrus City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
Unaudited

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The discussion and analysis of Bucyrus City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Highlights**

Highlights for fiscal year 2009 are as follows:

In total, net assets increased \$168,094, or less than 1 percent. This was not a significant change.

General revenues were \$14,752,182, or 76 percent of total revenues, and reflect the School District's substantial dependence on property taxes and unrestricted State entitlements.

In August 2006, the voters of the School District approved a 5.55 mill bond levy for school building construction along with a ½ mill permanent improvement levy and a ½ mill classroom facilities maintenance levy. The construction levy provided for the renovation and construction of the current high school into a high school/middle school and the current middle school into an elementary school.

**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 Bucyrus City School 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 School District, presenting both an aggregate view of the School 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 School District's most significant funds, with all other nonmajor funds presented in total in a single column. For Bucyrus City School District, the General Fund and the Building and Ohio School Facilities Commission capital projects funds are the most significant funds.

**Reporting the School District as a Whole**

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2009. These statements include all assets and liabilities using the accrual basis of accounting similar to that 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.

Bucyrus City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
Unaudited

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These statements report the School 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 School 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. Nonfinancial factors include the School 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, all of the School District activities are reported as governmental activities, including instruction, support services, non-instructional services, and extracurricular activities.

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

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's major funds are the General Fund and the Building and Ohio School Facilities Commission capital projects funds.

Governmental Funds - All of the School District's programs 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 School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

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

**The School District as a Whole**

Table 1 provides a summary of the School District's net assets for fiscal year 2009 and fiscal year 2008:

Table 1 Net Assets		Governmental Activities		
	2009	2008	Change	
<u>Assets:</u>				
Current and Other Assets	\$27,045,923	\$50,861,053	(\$23,815,130)	
Capital Assets, Net	32,730,170	6,462,948	26,267,222	
Total Assets	59,776,093	57,324,001	2,452,092	
			(continued)	

Bucyrus City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
Unaudited

Table 1  
Net Assets  
(continued)

	Governmental Activities		
	2009	2008	Change
<u>Liabilities:</u>			
Current and Other Liabilities	\$8,132,058	\$5,888,898	(\$2,243,160)
Long-Term Liabilities	14,458,399	14,417,561	(40,838)
Total Liabilities	<u>22,590,457</u>	<u>20,306,459</u>	<u>(2,283,998)</u>
<u>Net Assets:</u>			
Invested in Capital Assets, Net of Related Debt	20,210,334	4,937,195	15,273,139
Restricted	11,198,456	26,431,797	(15,233,341)
Unrestricted	5,776,846	5,648,550	128,296
Total Net Assets	<u>\$37,185,636</u>	<u>\$37,017,542</u>	<u>\$168,094</u>

The above table demonstrates several very significant changes from the prior fiscal year; however, the overall change to net assets was not significant (less than 1 percent). The changes reflected above are generally all related to the construction and renovation of School District facilities. Two primary factors make up the decrease in current and other assets, an \$18.7 million reduction in cash and cash equivalents as resources were spent for construction activities (also the cause for the reduction in restricted net assets as most of these resources were from restricted bond proceeds or construction related grant monies) and a reduction in intergovernmental receivables as most grant resources from the Ohio School Facilities Commission had already been received. Note the corresponding increase in net capital assets for construction as well as an increase in invested in capital assets for the non-debt portion of the construction. The increase in current and other liabilities, primarily from an increase in contracts payable, is due to outstanding construction contracts.

Table 2 reflects the change in net assets for fiscal year 2009 and fiscal year 2008.

Table 2  
Change in Net Assets

	Governmental Activities		
	2009	2008	Change
<u>Revenues:</u>			
Program Revenues			
Charges for Services	\$918,153	\$928,907	(\$10,754)
Operating Grants, Contributions, and Interest	3,683,476	3,069,085	614,391
Capital Grants and Contributions	5,403	3,229	2,174
Total Program Revenues	<u>4,607,032</u>	<u>4,001,221</u>	<u>605,811</u>
			(continued)

Bucyrus City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
Unaudited

Table 2  
Change in Net Assets  
(continued)

	Governmental Activities		
	2009	2008	Change
<u>Revenues:</u> (continued)			
General Revenues			
Property Taxes Levied for General Purposes	\$4,112,529	\$4,613,787	(\$501,258)
Property Taxes Levied for Classroom Facilities Purposes	58,292	64,866	(6,574)
Property Taxes Levied for Debt Service Purposes	711,692	787,257	(75,565)
Property Taxes Levied for Permanent Improvement Purposes	58,291	64,866	(6,575)
Payment in Lieu of Taxes	0	427,728	(427,728)
Grants and Entitlements	9,002,094	8,201,053	801,041
Interest	605,548	1,012,596	(407,048)
Gifts and Donations	1,041	0	1,041
Miscellaneous	202,695	57,494	145,201
Total General Revenues	<u>14,752,182</u>	<u>15,229,647</u>	<u>(477,465)</u>
Total Revenues	<u>19,359,214</u>	<u>19,230,868</u>	<u>128,346</u>
<u>Expenses:</u>			
Instruction:			
Regular	8,192,628	6,747,859	(1,444,769)
Special	2,228,641	2,067,032	(161,609)
Vocational	227,323	193,866	(33,457)
Support Services:			
Pupils	1,061,663	1,069,617	7,954
Instructional Staff	1,244,707	1,277,703	32,996
Board of Education	120,174	124,072	3,898
Administration	1,452,728	1,450,804	(1,924)
Fiscal	536,857	491,980	(44,877)
Business	319,766	111,374	(208,392)
Operation and Maintenance of Plant	1,092,370	952,931	(139,439)
Pupil Transportation	264,001	288,780	24,779
Central	340,404	225,361	(115,043)
Non-Instructional Services	1,072,532	1,034,598	(37,934)
Extracurricular Activities	463,107	417,486	(45,621)
Interest and Fiscal Charges	574,219	586,308	12,089
Total Expenses	<u>19,191,120</u>	<u>17,039,771</u>	<u>(2,151,349)</u>
Increase in Net Assets	168,094	2,191,097	(2,023,003)
Net Assets at Beginning of Year	<u>37,017,542</u>	<u>34,826,445</u>	<u>2,191,097</u>
Net Assets at End of Year	<u>\$37,185,636</u>	<u>\$37,017,542</u>	<u>\$168,094</u>

Although the change in total revenues from the prior fiscal year was less than 1 percent, there were several changes worth noting. The increase in program revenues reflected in operating grants and contributions was primarily due to an increase in grant resources restricted for special instruction purposes. For general revenues, the decrease in property taxes is due, in large part, to the elimination by the State of tangible personal property taxes. The increase in grants and entitlements is the result of an increase in State foundation resources and the decrease in interest revenue is a reflection of the decline in economic conditions being experienced within the State and nationally.

Bucyrus City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
Unaudited

The increase in expenses of over 12 percent can be attributed to two general sources, an allocation of non-capitalized costs associated with the construction/renovation project and an increase in personnel related costs, including salaries and related benefits. As to be expected, the major program expense is for instruction which accounted for 55 percent of total expenses. However, other support programs play a significant role in delivering education such as pupils and instructional staff which accounted for another 12 percent of total expenses.

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, 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.

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Instruction:				
Regular	\$8,192,628	\$6,747,859	\$7,464,261	\$5,952,867
Special	2,228,641	2,067,032	382,950	547,256
Vocational	227,323	193,866	183,095	155,404
Support Services:				
Pupils	1,061,663	1,069,617	191,262	902,716
Instructional Staff	1,244,707	1,277,703	1,244,707	1,045,308
Board of Education	120,174	124,072	120,174	124,072
Administration	1,452,728	1,450,804	1,452,728	1,445,990
Fiscal	536,857	491,980	536,857	448,900
Business	319,766	111,374	319,766	111,374
Operation and Maintenance of Plant	1,092,370	952,931	1,092,370	947,992
Pupil Transportation	264,001	288,780	244,726	230,446
Central	340,404	225,361	332,434	159,431
Non-Instructional Services	1,072,532	1,034,598	80,311	121,702
Extracurricular Activities	463,107	417,486	364,228	258,784
Interest and Fiscal Charges	574,219	586,308	574,219	586,308
Total Expenses	<u>\$19,191,120</u>	<u>\$17,039,771</u>	<u>\$14,584,088</u>	<u>\$13,038,550</u>

The support from general revenues to provide for the costs of programs was the same in fiscal year 2009 as in fiscal year 2008 (approximately 76 percent). As can be seen from the above table, only a very few of the School District's programs receive a significant amount of program revenues to offset their costs. Approximately 83 percent of special instruction costs are provided for through various operating grants restricted for special instruction purposes. For fiscal year 2009, the pupils program provided for 82 percent of program costs through operating grants. Almost 93 percent of non-instructional services were provided for through program revenues. This is primarily due to cafeteria sales, state and federal subsidies and donated commodities for food service, and for State resources received by the School District on behalf of the parochial school located within the School District.

Bucyrus City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
Unaudited

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**The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. For the General Fund, there was a 5 percent increase in fund balance as fewer resources were transferred to support activities of other funds in fiscal year 2009. The change in fund balance in the Building Fund was not significant. The decrease in fund balance of over \$20 million in the Ohio School Facilities Commission Fund reflects the decrease in resources due to construction.

**General Fund Budgeting Highlights**

The School District's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During fiscal year 2009, the School District amended its General Fund budget as needed. For revenues, the changes from the original budget to the final budget were not significant, nor were the changes from the final budget to actual revenues. The same can be said for expenditures.

**Capital Assets and Debt Administration**

Capital Assets

At the end of fiscal year 2009, the School District had \$32,730,170 invested in capital assets (net of accumulated depreciation). This reflects a substantial increase from the prior fiscal year and is due to construction in progress on the School District's facilities. For further information regarding the School District's capital assets, refer to Note 10 to the basic financial statements.

Debt

The School District's outstanding debt at June 30, 2009, consisted of general obligation bonds, in the amount of \$13,244,727. The School District's long-term obligations also include compensated absences and capital leases. For further information regarding the School District's long-term obligations, refer to Note 17 to the basic financial statements.

**Current Issues**

The Administration and board members continue to monitor the financial condition of the School District very closely. The new State of Ohio biennial budget enacted an evidence based model for school funding. This model provides funding for programs rather than the per-pupil funding focus of state funding in prior years. For this biennium, Bucyrus City School District's state funding will increase .75 percent over the prior fiscal year. Currently the biennial budget is not fully funded as a recent Supreme Court decision was made that video lottery terminals must be voted on by taxpayers rather than implemented as included in the biennial budget. The administration and board members will watch closely as the Governor works to suggest replacement funding for the video lottery terminals funding source. If reductions in state education revenues flow to the school district level, immediate changes will need to be implemented by the School District in order to retain a positive cash balance.

Bucyrus City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
Unaudited

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The School District is a recipient of American Recovery and Reinvestment Act federal stimulus grants for the 2009-2010 and 2010-2011 school years.

During the summer of 2009, the Board of Education approved a Continuous Improvement Plan for 2009 through 2014. The Board appreciates the tremendous amount of participation from the community, from general meetings to individual committee meetings.

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

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School 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 Theresa Johnson, Treasurer, Bucyrus City School District, 117 East Mansfield Street, Bucyrus, Ohio 44820-1525.

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Bucyrus City School District  
Statement of Net Assets  
June 30, 2009

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$18,781,086
Cash and Cash Equivalents	
with Escrow Agent	667,293
Accounts Receivable	41,451
Accrued Interest Receivable	9,965
Intergovernmental Receivable	1,064,615
Prepaid Items	12,593
Inventory Held for Resale	10,225
Materials and Supplies Inventory	4,004
Property Taxes Receivable	5,866,608
Payment in Lieu of Taxes Receivable	381,314
Unamortized Issuance Costs	206,769
Nondepreciable Capital Assets	29,585,780
Depreciable Capital Assets, Net	3,144,390
Total Assets	59,776,093
<u>Liabilities:</u>	
Accounts Payable	32,789
Contracts Payable	1,833,317
Accrued Wages and Benefits Payable	1,442,226
Matured Compensated Absences Payable	4,706
Intergovernmental Payable	461,729
Retainage Payable	675,394
Deferred Revenue	3,633,464
Accrued Interest Payable	48,433
Long-Term Liabilities:	
Due Within One Year	303,770
Due in More Than One Year	14,154,629
Total Liabilities	22,590,457
<u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	20,210,334
Restricted For:	
Debt Service	147,830
Capital Projects	10,263,109
Set Asides	67,822
Other Purposes	719,695
Unrestricted	5,776,846
Total Net Assets	\$37,185,636

See Accompanying Notes to Basic Financial Statements

Bucyrus City School District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2009

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$8,192,628	\$510,360	\$218,007	\$0
Special	2,228,641	0	1,845,691	0
Vocational	227,323	0	44,228	0
Support Services:				
Pupils	1,061,663	0	870,401	0
Instructional Staff	1,244,707	0	0	0
Board of Education	120,174	0	0	0
Administration	1,452,728	0	0	0
Fiscal	536,857	0	0	0
Business	319,766	0	0	0
Operation and Maintenance of Plant	1,092,370	0	0	0
Pupil Transportation	264,001	0	13,872	5,403
Central	340,404	0	7,970	0
Non-Instructional Services	1,072,532	335,530	656,691	0
Extracurricular Activities	463,107	72,263	26,616	0
Interest and Fiscal Charges	574,219	0	0	0
Total Governmental Activities	<u>\$19,191,120</u>	<u>\$918,153</u>	<u>\$3,683,476</u>	<u>\$5,403</u>

General Revenues:

Property Taxes Levied for General Purposes  
Property Taxes Levied for Classroom Facilities Purposes  
Property Taxes Levied for Debt Service Purposes  
Property Taxes Levied for Permanent Improvement Purposes  
Grants and Entitlements not Restricted to Specific Programs  
Interest  
Gifts and Donations  
Miscellaneous  
Total General Revenues

Change in Net Assets

Net Assets at Beginning of Year (Restated - Note 3)  
Net Assets at End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue  
and Change in Net Assets

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Governmental  
Activities

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(\$7,464,261)  
(382,950)  
(183,095)

(191,262)  
(1,244,707)  
(120,174)  
(1,452,728)  
(536,857)  
(319,766)  
(1,092,370)  
(244,726)  
(332,434)  
(80,311)  
(364,228)  
(574,219)

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(14,584,088)

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4,112,529  
58,292  
711,692  
58,291  
9,002,094  
605,548  
1,041  
202,695

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14,752,182

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168,094

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37,017,542  
\$37,185,636

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Bucyrus City School District  
Balance Sheet  
Governmental Funds  
June 30, 2009

	General	Building	Ohio School Facilities Commission	Other Governmental	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$6,209,388	\$3,655,913	\$7,105,037	\$1,737,321	\$18,707,659
Accounts Receivable	39,611	0	0	1,840	41,451
Accrued Interest Receivable	2,448	2,484	5,033	0	9,965
Interfund Receivable	38,946	0	0	0	38,946
Intergovernmental Receivable	74,491	0	480,485	509,639	1,064,615
Prepaid Items	0	0	12,593	0	12,593
Inventory Held for Resale	0	0	0	10,225	10,225
Materials and Supplies Inventory	0	0	0	4,004	4,004
<u>Restricted Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	73,427	0	0	0	73,427
Cash and Cash Equivalents with Escrow Agent	0	0	667,293	0	667,293
Property Taxes Receivable	4,903,170	0	0	963,438	5,866,608
Payment in Lieu of Taxes Receivable	381,314	0	0	0	381,314
<b>Total Assets</b>	<b>\$11,722,795</b>	<b>\$3,658,397</b>	<b>\$8,270,441</b>	<b>\$3,226,467</b>	<b>\$26,878,100</b>
<u>Liabilities and Fund Balances:</u>					
<u>Liabilities</u>					
Accounts Payable	\$11,519	\$0	\$6,754	\$14,516	\$32,789
Contracts Payable	0	5,169	1,828,148	0	1,833,317
Accrued Wages and Benefits Payable	1,227,182	0	0	215,044	1,442,226
Matured Compensated Absences Payable	4,706	0	0	0	4,706
Interfund Payable	0	0	0	38,946	38,946
Intergovernmental Payable	396,547	0	1,630	63,552	461,729
Retainage Payable	0	0	8,101	0	8,101
<u>Liabilities Payable from Restricted Assets:</u>					
Retainage Payable	0	0	667,293	0	667,293
Deferred Revenue	3,704,196	0	346,523	867,922	4,918,641
<b>Total Liabilities</b>	<b>5,344,150</b>	<b>5,169</b>	<b>2,858,449</b>	<b>1,199,980</b>	<b>9,407,748</b>
<u>Fund Balances:</u>					
Reserved for Property Taxes	1,592,917	0	0	327,200	1,920,117
Reserved for Budget Stabilization	67,822	0	0	0	67,822
Reserved for Bus Purchase	5,605	0	0	0	5,605
Reserved for Encumbrances	185,524	450,103	4,645,048	186,447	5,467,122
<u>Unreserved Reported in:</u>					
General Fund	4,526,777	0	0	0	4,526,777
Special Revenue Funds	0	0	0	292,619	292,619
Debt Service Fund	0	0	0	397,315	397,315
Capital Projects Funds	0	3,203,125	766,944	822,906	4,792,975
<b>Total Fund Balances</b>	<b>6,378,645</b>	<b>3,653,228</b>	<b>5,411,992</b>	<b>2,026,487</b>	<b>17,470,352</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$11,722,795</b>	<b>\$3,658,397</b>	<b>\$8,270,441</b>	<b>\$3,226,467</b>	<b>\$26,878,100</b>

See Accompanying Notes to the Basic Financial Statements

Bucyrus City School District  
 Reconciliation of Total Governmental Fund Balances  
 to Net Assets of Governmental Activities  
 June 30, 2009

Total Governmental Fund Balances		\$17,470,352
<p>Amounts reported for governmental activities on the statement of net assets are different because of the following:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		32,730,170
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Accounts Receivable	7,382	
Intergovernmental Receivable	583,454	
Property Taxes Receivable	313,027	
Payment in Lieu of Taxes Receivable	381,314	
		1,285,177
Unamortized issuance costs are deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.		206,769
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued Interest Payable	(48,433)	
General Obligation Bonds Payable	(13,244,727)	
Compensated Absences Payable	(1,202,067)	
Capital Leases Payable	(11,605)	
		(14,506,832)
Net Assets of Governmental Activities		\$37,185,636

See Accompanying Notes to the Basic Financial Statements

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

	General	Building	Ohio School Facilities Commission	Other Governmental	Total Governmental Funds
<u>Revenues:</u>					
Property Taxes	\$4,379,736	\$0	\$0	\$862,090	\$5,241,826
Payment in Lieu of Taxes	46,414	0	0	0	46,414
Intergovernmental	9,646,250	0	5,685,890	2,661,789	17,993,929
Interest	150,932	116,592	406,507	86	674,117
Tuition and Fees	502,978	0	0	15,940	518,918
Extracurricular Activities	1,018	0	0	79,406	80,424
Charges for Services	0	0	0	319,590	319,590
Gifts and Donations	2,511	0	0	6,771	9,282
Miscellaneous	163,474	0	18,584	37,948	220,006
Total Revenues	<u>14,893,313</u>	<u>116,592</u>	<u>6,110,981</u>	<u>3,983,620</u>	<u>25,104,506</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	6,932,671	0	0	445,726	7,378,397
Special	1,424,220	0	0	730,166	2,154,386
Vocational	225,390	0	0	0	225,390
Support Services:					
Pupils	724,786	0	0	319,437	1,044,223
Instructional Staff	926,511	0	0	292,848	1,219,359
Board of Education	120,174	0	0	0	120,174
Administration	1,451,149	0	0	10,452	1,461,601
Fiscal	490,970	0	0	32,647	523,617
Business	280,097	0	0	50	280,147
Operation and Maintenance of Plant	1,056,677	4,875	0	2,500	1,064,052
Pupil Transportation	320,183	0	0	10,087	330,270
Central	203,235	0	0	137,246	340,481
Non-Instructional Services	2,203	0	0	1,067,206	1,069,409
Extracurricular Activities	312,088	0	0	138,428	450,516
Capital Outlay	8,804	158,692	26,715,897	75,000	26,958,393
Debt Service:					
Principal Retirement	6,175	0	0	195,000	201,175
Interest and Fiscal Charges	1,133	0	0	584,766	585,899
Total Expenditures	<u>14,486,466</u>	<u>163,567</u>	<u>26,715,897</u>	<u>4,041,559</u>	<u>45,407,489</u>
Excess of Revenues Over (Under) Expenditures	<u>406,847</u>	<u>(46,975)</u>	<u>(20,604,916)</u>	<u>(57,939)</u>	<u>(20,302,983)</u>
<u>Other Financing Sources (Uses):</u>					
Transfers In	0	0	0	100,000	100,000
Transfers Out	(100,000)	0	0	0	(100,000)
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>0</u>
Changes in Fund Balances	306,847	(46,975)	(20,604,916)	42,061	(20,302,983)
Fund Balances at Beginning of Year (Restated - Note 3)	6,071,798	3,700,203	26,016,908	1,984,426	37,773,335
Fund Balances at End of Year	<u>\$6,378,645</u>	<u>\$3,653,228</u>	<u>\$5,411,992</u>	<u>\$2,026,487</u>	<u>\$17,470,352</u>

See Accompanying Notes to the Basic Financial Statements

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

Changes in Fund Balances - Total Governmental Funds (\$20,302,983)

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

Governmental funds report capital outlays 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 exceeded depreciation in the current fiscal year:

Capital Outlay - Nondepreciable Capital Assets	26,340,247	
Capital Outlay - Depreciable Capital Assets	77,497	
Depreciation	<u>(150,522)</u>	
		26,267,222

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

Property Taxes	(301,022)	
Payment in Lieu of Taxes	(46,414)	
Intergovernmental	(5,336,755)	
Interest	(68,483)	
Tuition and Fees	<u>7,382</u>	
		(5,745,292)

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net assets.

General Obligation Bonds Payable	195,000	
Capital Leases Payable	<u>6,175</u>	
		201,175

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net assets. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of net assets.

Accrued Interest Payable	(1,546)	
Amortization of Premium	<u>21,695</u>	
		20,149

Issuance costs are reported as an expenditure when paid in the governmental funds but are amortized over the life of the debt on the statement of activities. (8,469)

Compensated absences do not require the use of current financial resources and, therefore, are not reported as an expenditure in the governmental funds. (263,708)

Change in Net Assets of Governmental Activities \$168,094

See Accompanying Notes to the Basic Financial Statements

Bucyrus City School District  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$4,429,376	\$4,250,376	\$4,532,209	\$281,833
Payment in Lieu of Taxes	46,414	46,414	46,414	0
Intergovernmental	9,408,581	9,334,481	9,541,817	207,336
Interest	176,833	126,833	151,988	25,155
Tuition and Fees	413,700	489,900	502,808	12,908
Extracurricular Activities	425	1,000	1,018	18
Gifts and Donations	0	2,475	2,511	36
Miscellaneous	57,090	97,030	79,524	(17,506)
Total Revenues	<u>14,532,419</u>	<u>14,348,509</u>	<u>14,858,289</u>	<u>509,780</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	6,879,286	6,825,418	6,992,076	(166,658)
Special	1,437,659	1,446,662	1,427,409	19,253
Vocational	206,285	227,744	273,740	(45,996)
Support Services:				
Pupils	876,608	880,799	781,367	99,432
Instructional Staff	928,588	926,791	943,934	(17,143)
Board of Education	195,505	195,505	142,126	53,379
Administration	1,498,740	1,499,961	1,432,551	67,410
Fiscal	481,670	484,169	485,587	(1,418)
Business	332,751	325,357	271,289	54,068
Operation and Maintenance of Plant	1,177,894	1,171,188	1,098,544	72,644
Pupil Transportation	406,497	382,724	331,249	51,475
Central	166,112	203,395	200,282	3,113
Non-Instructional Services	50,000	50,000	2,203	47,797
Extracurricular Activities	343,957	343,776	319,734	24,042
Capital Outlay	50,000	50,000	8,804	41,196
Total Expenditures	<u>15,031,552</u>	<u>15,013,489</u>	<u>14,710,895</u>	<u>302,594</u>
Excess of Revenues Over (Under) Expenditures	<u>(499,133)</u>	<u>(664,980)</u>	<u>147,394</u>	<u>812,374</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	0	50,000	53,567	3,567
Refund of Prior Year Receipts	0	0	(35,189)	(35,189)
Other Financing Uses	(100,000)	(13,210)	0	13,210
Advances In	0	0	116,800	116,800
Advances Out	(70,000)	(70,000)	(153,800)	(83,800)
Transfers Out	(150,000)	(150,000)	(100,000)	50,000
Total Other Financing Sources (Uses)	<u>(320,000)</u>	<u>(183,210)</u>	<u>(118,622)</u>	<u>64,588</u>
Changes in Fund Balance	(819,133)	(848,190)	28,772	876,962
Fund Balance at Beginning of Year	5,685,089	5,685,089	5,685,089	0
Prior Year Encumbrances Appropriated	294,968	294,968	294,968	0
Fund Balance at End of Year	<u>\$5,160,924</u>	<u>\$5,131,867</u>	<u>\$6,008,829</u>	<u>\$876,962</u>

See Accompanying Notes to the Basic Financial Statements



Bucyrus City School District  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2009

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$5,707	\$32,739
<u>Liabilities:</u>		
Due to Students	0	\$32,739
<u>Net Assets:</u>		
Held in Trust for Scholarships	\$5,707	

See Accompanying Notes to the Basic Financial Statements

Bucyrus City School District  
Statement of Change in Fiduciary Net Assets  
Private Purpose Trust Fund  
For the Fiscal Year Ended June 30, 2009

Additions:

Gifts and Donations	\$2,501
Miscellaneous	197
Total Additions	<u>2,698</u>

Deductions:

Non-Instructional Services	<u>3,500</u>
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Change in Net Assets (802)

Net Assets at Beginning of Year	<u>6,509</u>
Net Assets at End of Year	<u><u>\$5,707</u></u>

See Accompanying Notes to the Basic Financial Statements

**Note 1 - Description of the School District and Reporting Entity**

Bucyrus City School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state and federal guidelines.

The School District was established in 1850. The School District serves an area of approximately six square miles. It is located in Crawford County. The School District is the 326<sup>th</sup> largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by seventy-one classified employees, one hundred twenty-eight certified teaching personnel, and thirteen administrative employees who provide services to 1,757 students and other community members. The School District currently operates three elementary schools, two middle schools, and a high school.

**Reporting Entity**

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. There are no component units of the Bucyrus City School District.

The following activity is included within the School District’s reporting entity:

Within the School District boundaries, Holy Trinity Elementary is operated as a private school. Current state legislation provides funding to this parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. This activity is reflected in a special revenue fund for financial reporting purposes by the School District.

The School District participates in three jointly governed organizations and one insurance pool. These organizations are the Tri-Rivers Educational Computer Association (TRECA), Pioneer Career and Technology Center, Metropolitan Educational Council, and the Ohio School Boards Association Workers’ Compensation Group Rating Plan. These organizations are presented in Notes 21 and 22 to the basic financial statements.

**Note 2 - Summary of Significant Accounting Policies**

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

**A. Basis of Presentation**

The School District's basic financial statements consist of government-wide financial 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 School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the School District has no business-type activities.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants, contributions, and interest 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 School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

**Fund Financial Statements**

During the fiscal year, the School District segregates transactions related to certain School 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 School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**B. Fund Accounting**

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

**Note 2 - Summary of Significant Accounting Policies** (continued)

**Governmental Funds**

Governmental funds are those through which most governmental functions of the School 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 School District's major funds are the General Fund, and the Building Improvement and Ohio School Facilities Commission capital projects 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 balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Building Fund** - The Building capital projects fund accounts for bond proceeds used for the construction and renovation of the high school, elementary school, and central office.

**Ohio School Facilities Commission Fund** - The Ohio School Facilities Commission capital projects fund accounts for the construction and renovation of the high school, elementary school, and central office.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

**Fiduciary Funds**

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

**C. Measurement Focus**

**Government-Wide Financial Statements**

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

**Note 2 - Summary of Significant Accounting Policies** (continued)

**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 are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects 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 fund financial statements for governmental funds.

The private purpose trust fund is accounted for using a flow of economic resources measurement focus.

**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 basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Nonexchange 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 the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the 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 both measurable and available at fiscal year end: property taxes available as an advance, grants, interest, tuition, student fees, and charges for services.

**Note 2 - Summary of Significant Accounting Policies** (continued)

**Deferred Revenues**

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

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

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

**Expenses/Expenditures**

On the accrual basis, 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.

**E. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the statement of fund activity, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The statement of fund activity 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 legal level of budgetary control is at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the School District Treasurer.

The certificate of estimated resources may be amended during the fiscal 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 final amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriations resolution is subject to amendment throughout the fiscal year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations 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.

**Note 2 - Summary of Significant Accounting Policies** (continued)

**F. Cash and Investments**

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Cash and cash equivalents that are held separately for the School District by escrow agents for payment of retainage to contractors upon project completion are recorded as “Cash and Cash Equivalents with Escrow Agent”.

During fiscal year 2009, the School District invested in nonnegotiable certificates of deposit, bankers’ acceptances, federal agency securities, mutual funds, and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market price or current share price. STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on June 30, 2009.

The School District allocates interest earnings according to State statutes. Interest revenue credited to the General Fund during fiscal year 2009 was \$150,932, which includes \$31,052 assigned from other School District funds.

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**H. Inventory**

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of administrative supplies and donated and purchased food.

**I. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent amounts required by State statute to be set aside to create a reserve for budget stabilization and unexpended revenues restricted for bus purchases. Restricted assets in the Ohio School Facilities Commission capital projects fund represent escrow accounts established for the payment of retainage on construction projects upon completion.



**Note 2 - Summary of Significant Accounting Policies** (continued)

**J. Capital Assets**

All of the School District's capital assets are general capital assets generally resulting from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The School District maintains a capitalization threshold of two thousand five hundred dollars. 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 capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Useful Lives
Land Improvements	20 - 40 years
Buildings and Building Improvements	50 - 138 years
Furniture, Fixtures, and Equipment	5 - 50 years
Vehicles	10 - 20 years

**K. Interfund Assets/Liabilities**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables/Payables". Interfund balances within governmental activities are eliminated on the statement of net assets.

**L. 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 the School District will compensate the employees for the benefits through paid time off or some other means. The School 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 School 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 School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after ten years of service.

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

**Note 2 - Summary of Significant Accounting Policies** (continued)

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “Matured Compensated Absences Payable” in the fund from which the employees who have accumulated unpaid leave are paid.

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

All payables, accrued liabilities, and long-term obligations are reported on 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 are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they come due for payment during the current fiscal year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

**N. 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 balance of any borrowing 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 School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, athletic and music programs, and federal and state grants. The School District’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**O. Fund Balance Reserves**

The School District reserves those portions of fund balance 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 which is available for appropriation in future periods. Fund balance reserves have been established for property taxes, budget stabilization, bus purchase, and encumbrances. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures.

**P. Issuance Costs and Bond Premiums**

On government-wide financial statements, issuance costs and bond premiums are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Issuance costs are recorded as deferred charges and are generally paid from bond proceeds. Premiums are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the period in which the debt is issued.

**Note 2 - Summary of Significant Accounting Policies** (continued)

**Q. Interfund Transactions**

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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.

**R. 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.

**Note 3 - Change in Accounting Principles and Restatement of Fund Balance/Net Assets**

**A. Change in Accounting Principles**

For fiscal year 2009, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 establishes accounting and financial reporting requirements for pollution remediation obligations by requiring more timely and complete reporting of the obligations and by requiring all governments to account for pollution remediation obligations in the same manner. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any changes to the financial statements.

Bucyrus City School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**Note 3 - Change in Accounting Principles and Restatement of Fund Balance/Net Assets** (continued)

GASB Statement No. 52 establishes consistent standards for reporting land and other real estate held as investments. It requires endowments to report land and other real estate investments at fair value, to report the changes in fair value as investment income, and to disclose the methods and significant assumptions used to determine fair value. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements and the framework for selecting those principles. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' (AICPA) auditing literature into the GASB's accounting and financial reporting literature. This guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any changes to the financial statements.

**B. Restatement of Fund Balance/Net Assets**

The School District has changed the classification of several funds to appropriately reflect the purpose and use of the funds. In addition, in the prior fiscal year, the School District did not correctly record the receivable for the payment in lieu of taxes and did not correctly record all capital assets.

The restatement had the following effect on fund balance of the major and nonmajor funds of the School District as they were previously reported.

	General	Building	Ohio School Facilities Commission	Other Governmental	Total Governmental Activities
Fund Balance June 30, 2008	\$6,057,198	\$3,700,203	\$26,016,908	\$2,002,517	\$37,776,826
Change in Fund Structure	14,600	0	0	(18,091)	(3,491)
Adjusted Fund Balance at June 30, 2008	<u>\$6,071,798</u>	<u>\$3,700,203</u>	<u>\$26,016,908</u>	<u>\$1,984,426</u>	<u>\$37,773,335</u>

The restatement had the following effect on net assets.

Net Assets June 30, 2008	\$36,112,094
Change in Fund Structure	(3,491)
Payment in Lieu of Taxes Receivable	427,728
Capital Assets	(128,220)
Accumulated Depreciation	609,431
Adjusted Net Assets June 30, 2008	<u><u>\$37,017,542</u></u>

**Note 4 - Accountability and Compliance**

**A. Accountability**

At June 30, 2009, the Early Childhood Education special revenue fund had a deficit fund balance, in the amount of \$1,094, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**B. Compliance**

The Miscellaneous Federal Grants special revenue fund had final appropriations in excess of estimated resources plus available balances, in the amount of \$22,672, for the fiscal year ended June 30, 2009.

The Ohio School Facilities Commission capital projects fund had expenditures plus encumbrances in excess of appropriations, in the amount of \$222,771, for the fiscal year ended June 30, 2009.

The Treasurer will review budgetary activity to ensure that appropriations are within estimated resources and that expenditures are within appropriations.

**Note 5 - Budgetary Basis of Accounting**

While the School 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 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 the GAAP basis are as follows:

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).

Bucyrus City School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**Note 5 - Budgetary Basis of Accounting** (continued)

The adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund are as follows:

Changes in Fund Balance	
GAAP Basis	\$306,847
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2008, Received in Cash FY 2009	(1,698,784)
Accrued FY 2009, Not Yet Received in Cash	1,717,327
Expenditure Accruals:	
Accrued FY 2008, Paid in Cash FY 2009	1,639,954
Accrued FY 2009, Not Yet Paid in Cash	(1,646,156)
Prepaid Items	20,570
Advances In	116,800
Advances Out	(153,800)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(273,986)
Budget Basis	\$28,772

**Note 6 - Deposits and Investments**

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

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must 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 deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim 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.

Bucyrus City School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**Note 6 - Deposits and Investments** (continued)

Interim monies held by the School District may 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;
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);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers' acceptance if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

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

	<u>Fair Value</u>	<u>Maturity</u>
Bankers' Acceptances	\$367,230	10/2/09
Federal Home Loan Bank Notes	1,503,750	8/13/09
Federal Home Loan Bank Notes	314,874	9/30/09
Federal Home Loan Bank Notes	324,318	2/2/10
Federal Home Loan Bank Notes	2,145,485	2/2/10
Federal National Mortgage Association Notes	379,848	10/1/09
Federal National Mortgage Association Notes	549,780	10/1/09
Federal National Mortgage Association Notes	299,340	2/10/10
Federal Home Loan Mortgage Corporation Notes	507,245	11/18/09
Federal Home Loan Mortgage Corporation Notes	1,439,127	12/24/09
First American Government Mutual Funds	2,531,964	Average 43 days
STAR Ohio	262,347	Average 58.1 days
	<u>\$10,625,308</u>	

Bucyrus City School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**Note 6 - Deposits and Investments** (continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the School District.

The bankers' acceptances carry a rating of P-1 and the Federal Home Loan Bank Notes, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes carry a rating of AAA by Moody's. STAR Ohio carries a rating of AAA by Standard and Poor's. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that bankers' acceptances must be eligible for purchase by the federal reserve system and must mature within one hundred eighty days of purchase. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

The School District places no limit on the amount of its interim monies it may invest in a particular security. The following table indicates the percentage of each investment to the School District's total portfolio.

	Fair Value	Percentage of Portfolio
Bankers' Acceptances	\$367,230	3.46%
Federal Home Loan Bank Notes	4,288,427	40.36
Federal National Mortgage Association Notes	1,228,968	11.57
Federal Home Loan Mortgage Corporation Notes	1,946,372	18.32
First American Governmental Mutual Funds	2,531,964	23.83

**Note 7 - Receivables**

Receivables at June 30, 2009, consisted of accounts (student fees and billings for user charged services), accrued interest, interfund, intergovernmental, property taxes, and payment in lieu of taxes. 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. All receivables, except property taxes and payment in lieu of taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Payment in lieu of taxes, in the amount of \$337,378, will not be received within one year.



Bucyrus City School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**Note 7 - Receivables** (continued)

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
General Fund	
Ohio Department of Taxation	\$1,773
Ohio Department of Education	6,079
Ohio Department of Job and Family Services	32,388
TRECA Digital Academy`	34,251
Total General Fund	74,491
Ohio Schools Facilities Commission	
Ohio Schools Facilities Commission	480,485
Total Major Funds	554,976
Other Governmental Funds	
Food Service	8,235
Classroom Facilities	22
Early Childhood Education	6,709
Title VI-B	76,661
Title I	103,475
Title II-A	20,147
Miscellaneous Federal Grants	294,099
Bond Retirement	268
Permanent Improvement	23
Total Other Governmental Funds	509,639
Total Intergovernmental Receivables	\$1,064,615

**Note 8 - Property Taxes**

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

Bucyrus City School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**Note 8 - Property Taxes** (continued)

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 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. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts 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. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Crawford County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2009, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2009, was \$1,592,917 in the General Fund, \$22,962 in the Classroom Facilities special revenue fund, \$281,276 in the Bond Retirement debt service fund, and \$22,962 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2008, was \$1,745,390 in the General Fund, \$25,640 in the Classroom Facilities special revenue fund, \$314,249 in the Bond Retirement debt service fund, and \$25,640 in the Permanent Improvement capital projects fund.

Collectible delinquent property taxes have been recorded as a receivable and revenue on a full accrual basis. On a modified accrual basis, the revenue has been deferred.

Bucyrus City School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

**Note 8 - Property Taxes** (continued)

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

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$141,616,070	92.42%	\$141,198,110	95.84%
Public Utility	5,975,110	3.90	6,127,490	4.16
Tangible Personal	5,634,622	3.68	0	0.00
Total Assessed Value	<u>\$153,225,802</u>	<u>100.00%</u>	<u>\$147,325,600</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$55.35		\$55.83	

**Note 9 - Payment in Lieu of Taxes**

According to State law, Crawford County has entered into an agreement with a property owner under which the County has granted property tax exemptions to the property owner. The property owner has agreed to make payments to the County which reflect all or a portion of the property taxes which the property owner would have paid if their taxes had not been exempted. The agreement requires a portion of these payments to be made to the School District. The property owner contractually promises to make these payments in lieu of taxes until the agreement expires.

**Note 10 - Capital Assets**

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

	Restated Balance at 6/30/08	Additions	Reductions	Balance at 6/30/09
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$638,140	\$0	\$0	\$638,140
Construction in Progress	2,607,393	26,340,247	0	28,947,640
Total Nondepreciable Capital Assets	<u>3,245,533</u>	<u>26,340,247</u>	<u>0</u>	<u>29,585,780</u>
Depreciable Capital Assets				
Land Improvements	928,506	0	(11,851)	916,655
Buildings and Building Improvements	6,913,381	0	(382,220)	6,531,161
Furniture, Fixtures, and Equipment	1,010,128	0	(12,029)	998,099
Vehicles	681,553	77,497	0	759,050
Total Depreciable Capital Assets	<u>9,533,568</u>	<u>77,497</u>	<u>(406,100)</u>	<u>9,204,965</u>

(continued)

Bucyrus City School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**Note 10 - Capital Assets** (continued)

	Restated Balance at 6/30/08	Additions	Reductions	Balance at 6/30/09
Less Accumulated Depreciation				
Land Improvements	(\$797,365)	(\$23,366)	\$11,851	(\$808,880)
Buildings and Building Improvements	(4,301,010)	(73,379)	382,220	(3,992,169)
Furniture, Fixtures, and Equipment	(671,964)	(38,275)	12,029	(698,210)
Vehicles	(545,814)	(15,502)	0	(561,316)
Total Accumulated Depreciation	(6,316,153)	(150,522)	406,100	(6,060,575)
Depreciable Capital Assets, Net	3,217,415	(73,025)	0	3,144,390
Governmental Activities Capital Assets, Net	\$6,462,948	\$26,267,222	\$0	\$32,730,170

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$49,006
Special	4,951
Vocational	457
Support Services:	
Pupils	4,012
Instructional Staff	1,930
Administration	6,799
Business	1,658
Operation and Maintenance of Plant	43,751
Pupil Transportation	9,973
Non-Instructional Services	15,394
Extracurricular Activities	12,591
Total Depreciation Expense	<u>\$150,522</u>

**Note 11 - Interfund Assets/Liabilities**

At June 30, 2009, the General Fund had an interfund receivable, in the amount of \$38,946, from other governmental funds for short-term loans made to those funds. Amounts are expected be repaid within one year.

Bucyrus City School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**Note 12 - Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the School District contracted for the following insurance coverage.

Coverage provided by The Netherlands Insurance Company:

Buildings and Contents - replacement cost	\$44,828,781
Auto Liability	1,000,000
General Liability	
Each Occurrence	1,000,000
Aggregate	2,000,000
Excess Liability	3,000,000

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

For fiscal year 2009, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**Note 13 - Significant Contractual Commitments**

The School District has several outstanding contracts for professional services. The following amounts remained on these contracts as of June 30, 2009:

Vendor	Contract Amount	Amount Paid as of 6/30/09	Outstanding Balance
BCMC, Inc.	\$8,114,743	\$6,890,253	\$1,224,490
D & R Demolition	550,987	545,987	5,000
Dalmatian Fire, Inc.	383,192	318,501	64,691
Environmental Demolition Group, LLC	142,368	0	142,368
Guenther Mechanical, Inc.	3,947,151	3,673,704	273,447
Jeffrey Carr Construction, Inc.	6,678,645	4,349,799	2,328,846
Lepi Enterprises, Inc.	161,080	132,934	28,146
Microman, Inc.	1,632,560	1,149,666	482,894
S.S. Kemp & Co.	716,364	485,661	230,703
Universal Refrigeration	647,174	520,393	126,781
Vaughn Industries, LLC	6,003,125	5,131,745	871,380
Vulcan Enterprises	291,921	240,905	51,016

**Note 14 - Defined Benefit Pension Plans**

**A. State Teachers Retirement System**

Plan Description - The School District contributes to 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 the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 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 Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on 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 DCP 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 fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The CP offers features of both the DBP and the DCP. In the CP, 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 DBP. The DBP portion of the CP payment is payable to a member on or after age sixty; the DCP portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DBP or CP 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 DCP who become disabled are entitled only to their account balance. If a member of the DCP dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the STRS Ohio 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 School District's required contribution for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 was \$895,860, \$885,024, and \$900,748 respectively; 83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DCP and CP for fiscal year 2009 were \$5,040 made by the School District and \$18,230 made by the plan members.

**Note 14 - Defined Benefit Pension Plans** (continued)

**B. School Employees Retirement System**

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer public employee retirement 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 stand-alone financial report that may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 was \$176,251, \$176,925, and \$190,099 respectively; 45 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**C. Social Security System**

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

**Note 15 - Postemployment Benefits**

**A. State Teachers Retirement System**

Plan Description - The School District contributes to a cost-sharing multiple-employer defined benefit Health Care 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 STRS Ohio's financial report which may be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Care 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 Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contribution for health care for the fiscal years ended June 30, 2009, 2008, and 2007 was \$69,300, \$68,258, and \$69,450 respectively; 83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**Note 15 - Postemployment Benefits** (continued)

**B. School Employees Retirement System**

Plan Description - The School District contributes to two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for classified 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 SERS 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 the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal 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 fiscal year 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2009, the surcharge amount was \$29,257.

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 School District's contribution for health care for the fiscal years ended June 30, 2009, 2008, and 2007 was \$80,660, \$80,736, and \$63,113 respectively; 45 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2009, this actuarially required allocation was .75 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 was \$14,542, \$12,748, and \$12,927 respectively; 45 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**Note 16 - Other Employee Benefits**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.



Bucyrus City School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**Note 16 - Other Employee Benefits** (continued)

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred sixty-five days for classified employees and two hundred sixty-three days for certified employees. Upon retirement, payment is made for thirty percent of accrued but unused sick leave credit for classified employees and for certified employees payment is made based on accrued but unused sick leave credit as follows:

<u>Sick Leave Balance</u>	<u>Maximum Days Paid</u>
At least 235 days	65
At least 175 days	55
At least 100 days	50
Less than 100 days	30% of balance

**B. Health Care Benefits**

The School District offers employees medical benefits to all employees through Medical Mutual of Ohio. The premium varies with employee depending on the terms of the union contract. Dental insurance is offered to all employees through Coresource. Life insurance is through Metropolitan Educational Council.

**C. Separation Benefits**

The School District offers a separation benefit to certified and administrative employees eligible to retire under STRS and SERS in their first year of eligibility. To be eligible for the separation benefit, the employee must submit their resignation for retirement to the Board no later than March 1 of the year in which they plan to retire. A separation benefit of \$12,000 or \$15,000 will be paid after proof of retirement has been received. At June 30, 2009, there was no liability for separation benefits.

**Note 17 - Long-Term Obligations**

Changes in the School District's long-term obligations during fiscal year 2009 were as follows:

	Balance at 6/30/08	Additions	Reductions	Balance at 6/30/09	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds					
School Improvement Bonds FY 2007					
Serial Bonds 3.5-3.75%	\$2,990,000	\$0	\$195,000	\$2,795,000	\$180,000
Term Bonds 4.25-5%	9,920,000	0	0	9,920,000	0
Premium	551,422	0	21,695	529,727	0
Total General Obligation Bonds	13,461,422	0	216,695	13,244,727	180,000
Compensated Absences	938,359	368,754	105,046	1,202,067	117,115
Capital Leases	17,780	0	6,175	11,605	6,655
Total Governmental Activities Long-Term Obligations	\$14,417,561	\$368,754	\$327,916	\$14,458,399	\$303,770

Bucyrus City School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**Note 17 - Long-Term Obligations** (continued)

FY 2007 School Improvement Bonds - On December 19, 2006, the School District issued \$13,150,000 in voted general obligation bonds for the renovation of an elementary school and renovation/addition to the high school. The bond issue included serial and term bonds, in the original amount of \$3,230,000 and \$9,920,000, respectively. The bonds were issued for a twenty-seven fiscal year period, with maturity in fiscal year 2034. The bonds are being retired through the Bond Retirement debt service fund.

The term bonds maturing on December 1, 2022, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the date of redemption, on December 1 in each year and principal amount as follows:

Year	Amount
2018	\$420,000
2019	440,000
2020	465,000
2021	485,000

The remaining principal, in the amount of \$510,000, will be paid at stated maturity on December 1, 2022.

Compensated absences will be paid from the General Fund and the Food Service special revenue fund. Capital leases will be paid from the General Fund.

The School District's overall debt margin was \$671,421 with an unvoted debt margin of \$141,198 at June 30, 2009.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2009, were as follows:

Fiscal Year Ending	General Obligation Bonds			
	Serial	Term	Interest	Total
2010	\$180,000	\$0	\$577,825	\$757,825
2011	240,000	0	569,950	809,950
2012	255,000	0	560,669	815,669
2013	265,000	0	550,919	815,919
2014	335,000	0	539,669	874,669
2015-2019	1,520,000	420,000	2,490,145	4,430,145
2020-2024	0	2,435,000	1,989,375	4,424,375
2025-2029	0	3,110,000	1,299,500	4,409,500
2030-2034	0	3,955,000	446,287	4,401,287
	\$2,795,000	\$9,920,000	\$9,024,339	\$21,739,339

Bucyrus City School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**Note 18 - Capital Leases - Lessee Disclosure**

The School District has entered into a capitalized lease for equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital leases payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds. Principal payments in fiscal year 2009 were \$6,175.

	Governmental Activities
Equipment	\$30,361
Less Accumulated Depreciation	(18,216)
Total June 30, 2009	\$12,145

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2009.

Year	Governmental Activities	
	Principal	Interest
2010	\$6,655	\$653
2011	4,950	147
Total	\$11,605	\$800

**Note 19 - Set Asides**

The School 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 the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2009, only the unspent portion of certain workers' compensation refunds continues to be set aside.

Bucyrus City School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**Note 19 - Set Asides** (continued)

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2009.

	Textbooks	Capital Improvements	Budget Stabilization
Balance June 30, 2008	(\$347,792)	\$0	\$69,721
Current Year Set Aside Requirement	267,402	267,402	0
Qualifying Expenditures	(351,801)	0	1,899
Current Year Offsets	0	(267,402)	0
Balance June 30, 2009	(\$432,191)	\$0	\$67,822

The School District had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside requirements in future fiscal years.

**Note 20 - Interfund Transfers**

During fiscal year 2009, the General Fund made transfers to other governmental funds, in the amount of \$100,000, to subsidize activities in other funds.

**Note 21 - Jointly Governed Organizations**

**A. Tri-Rivers Educational Computer Association**

The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum, and Wyandot 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. The governing board of TRECA consists of one representative from each county elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. During fiscal year 2009, the School District paid \$65,545 to TRECA for various services. Financial information can be obtained from the Tri-Rivers Educational Computer Association, 100 Executive Drive, Marion, Ohio 43302.

**B. Pioneer Career and Technology Center**

The Pioneer Career and Technology Center (Center) is a distinct political subdivision of the State of Ohio which provides vocational education. The Center operates under the direction of a Board consisting of eleven appointed members from the fourteen participating school districts. The Board possesses its own budgeting and taxing authority. The degree of control exercised by the School District is limited to its representation on the Board. Financial information can be obtained from Pioneer Career and Technology Center, 27 Ryan Road, Shelby, Ohio 44875.

**Note 21 - Jointly Governed Organizations** (continued)

**C. Metropolitan Educational Council**

The Metropolitan Educational Council (MEC) is a purchasing cooperative made up of one hundred sixty school districts, libraries, and related agencies in thirty-one counties. The purpose of the MEC is to obtain prices for quality merchandise and services commonly used by the participants. The governing board of the MEC consists of one representative from each member. All members must pay all fees, charges, or other assessments as established by the MEC. Financial information can be obtained from the Metropolitan Educational Council, 2100 CityGate Drive, Columbus, Ohio 43219.

**Note 22 - Insurance Pool**

The School District participates in a group rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves a coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

**Note 23 - Contingencies**

**A. Grants**

The School 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 School District at June 30, 2009.

**B. Litigation**

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

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY  
FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2009**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through The Ohio Department of Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program	2009	10.553	\$ 146,184	\$ 146,184
National School Lunch Program				
Cash Assistance	2009	10.555	390,496	390,496
Non-Cash Assistance (Food Distribution)	2009	10.555	62,974	51,528
National School Lunch Program Subtotal			<u>453,470</u>	<u>442,024</u>
Summer Food Service Program for Children	2009	10.558	6,263	6,263
<b>Total -- Child Nutrition Cluster</b>			<u>605,917</u>	<u>594,471</u>
Cash Assistance Subtotal			542,943	542,943
Non-Cash Assistance (Food Distribution) Subtotal			62,974	51,528
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through The Ohio Department of Education:</i>				
Grants to Local Educational Agencies				
Title I School Subsidy	2008	84.010	19,877	73,647
	2009		345,806	337,347
	2009		23,000	28,328
<b>Total -- Title I School Subsidy</b>			<u>388,683</u>	<u>439,322</u>
Special Education Cluster:				
Special Education Grants to States	2008	84.027	11,850	76,383
	2009		345,389	341,783
Special Education Grants to States Subtotal			<u>357,239</u>	<u>418,166</u>
Special Education Preschool Grants	2008	84.173	-	1,600
	2009		10,185	8,710
Special Education Preschool Grants Subtotal			<u>10,185</u>	<u>10,310</u>
<b>Total -- Special Education Cluster</b>			<u>367,424</u>	<u>428,476</u>
Title IV - A Safe and Drug Free Schools	2009	84.186	6,766	6,766
<b>Total -- Safe and Drug Free Schools</b>			<u>6,766</u>	<u>6,766</u>
Twenty-First Century Community Learning Center	2008	84.287	-	29,405
	2008		67,584	73,326
	2009		125,058	123,582
	2009		144,191	134,469
<b>Total -- Twenty-First Century Community Learning Center</b>			<u>336,833</u>	<u>360,782</u>
Title V -- Innovative Education Program Strategies	2008	84.298	-	152
	2009		1,337	1,337
<b>Total -- Innovative Education Program Strategies</b>			<u>1,337</u>	<u>1,489</u>
Title II-D Technology Literacy Challenge Fund Grants	2008	84.318	-	120
	2009		3,861	3,861
<b>Total -- Title II-D</b>			<u>3,861</u>	<u>3,981</u>
Title II-A Improving Teacher Quality State Grants	2008	84.367	16,263	23,442
	2009		100,977	98,414
<b>Total -- Title II-A</b>			<u>117,240</u>	<u>121,856</u>
<b>Total -- U.S. Department of Education</b>			<u>1,222,144</u>	<u>1,362,672</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Direct from the Federal Government</i>				
Safe and Drug-Free Schools and Communities - National Program	2006	84.184	4,312	4,807
	2007		44,889	44,902
	2008		41,485	42,528
	2009		225,554	225,545
<b>Total -- Safe and Drug-Free Schools and Communities - National Program</b>			<u>316,240</u>	<u>317,782</u>
Fund for the Improvement of Education	2008	84.215	57,239	59,731
<b>Total -- Fund for the Improvement of Education</b>			<u>57,239</u>	<u>59,731</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 2,201,540</u>	<u>\$ 2,334,656</u>

The accompanying notes to this schedule are an integral part of this statement.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
JUNE 30, 2009**

**Note A – Significant Accounting Policies**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) is a summary of the activity of the School District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**Note B – Food Donation**

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the United States Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

***Perry & Associates***  
Certified Public Accountants, A.C.

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1035 Murdoch Avenue  
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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

January 8, 2010

Bucyrus City School District  
Crawford County  
117 East Mansfield Street  
Bucyrus, Ohio 44820

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate fund information of the **Bucyrus City School District, Crawford County, Ohio** (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents, wherein we noted the District implemented Governmental Accounting Standards Board (GASB) Statements Nos. 49, 51, 52, 55 and 56, and have issued our report dated January 8, 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control 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 expressing our opinions on the financial statements, but not to opine 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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



### **Compliance and Other Matters**

As part of reasonably assuring whether the District's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 8, 2010.

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

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry and Associates**  
Certified Public Accountants, A.C.

***Perry & Associates***  
Certified Public Accountants, A.C.

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

January 8, 2010

Bucyrus City School District  
Crawford County  
117 East Mansfield Street  
Bucyrus, Ohio 44820

To the Board of Education:

**Compliance**

We have audited the compliance of **Bucyrus City School District, Crawford County, Ohio** (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 are applicable to each major federal program for the year ended June 30, 2009. 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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect one of the major federal programs. 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

### **Internal Control over Compliance**

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

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with federal programs compliance requirement on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District's ability to administer a federal programs such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-consequential noncompliance with a federal programs compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with federal programs' compliance requirements.

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

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

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Nutrition Cluster: School Breakfast Program, CFDA #10.553, National School Lunch Program, CFDA #10.555, Summer Food Service Program for Children, CFDA #10.558
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

***Perry & Associates***  
Certified Public Accountants, A.C.

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING  
AGREED-UPON PROCEDURES**

January 8, 2010

Bucyrus City School District  
Crawford County  
117 East Mansfield Street  
Bucyrus, Ohio 44820

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on November 20, 2008.
2. We read the policy, noting it included the following requirements from Ohio Revised Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Revised Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;
  - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

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

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

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

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.



Mary Taylor, CPA  
Auditor of State

**BUCYRUS CITY SCHOOL DISTRICT**  
**CRAWFORD 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 30, 2010**