

**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY  
Single Audit  
For the Year Ended June 30, 2010**

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





# Dave Yost • Auditor of State

Board of Education  
Bucyrus City School District  
170 Plymouth 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, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

January 20, 2011

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**BUCYRUS CITY SCHOOL DISTRICT  
CRAWFORD COUNTY**

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***Perry & Associates***  
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**INDEPENDENT ACCOUNTANTS' REPORT**

December 10, 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, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express 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, 2010, 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 December 10, 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.

Respectfully Submitted,

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

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

Bucyrus City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
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, 2010. 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 2010 are as follows:

In total, net assets decreased \$2,860,578, or 8 percent. This was due to a 2 percent decrease in revenues, a 14 percent increase in expenses, and the resulting cash carryover spending. Note however, a substantial portion of this spending was related to completion of the School District's building project.

General revenues were \$14,048,562, or 74 percent of total revenues, and reflect the School District's substantial dependence on property taxes and unrestricted State entitlements.

### **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 2010. 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  
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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 2010 and fiscal year 2009:

	Table 1 Net Assets		
	Governmental Activities		
	2010	2009	Change
<u>Assets:</u>			
Current and Other Assets	\$17,112,708	\$26,712,084	(\$9,599,376)
Capital Assets, Net	37,196,068	32,730,170	4,465,898
Total Assets	54,308,776	59,442,254	(5,133,478)
			(continued)

Bucyrus City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

Table 1  
Net Assets  
(continued)

	Governmental Activities		
	2010	2009	Change
<u>Liabilities:</u>			
Current and Other Liabilities	\$5,922,611	\$8,132,058	\$2,209,447
Long-Term Liabilities	14,394,946	14,458,399	63,453
Total Liabilities	<u>20,317,557</u>	<u>22,590,457</u>	<u>2,272,900</u>
<u>Net Assets:</u>			
Invested in Capital Assets, Net of Related Debt	24,859,369	20,210,334	4,649,035
Restricted	3,828,389	11,198,456	(7,370,067)
Unrestricted	5,303,461	5,443,007	(139,546)
Total Net Assets	<u>\$33,991,219</u>	<u>\$36,851,797</u>	<u>(\$2,860,578)</u>

The above table demonstrates several very significant changes from the prior fiscal year. Two primary factors make up the decrease in current and other assets, an \$8.3 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 taxes receivable of over \$742,000, generally due to a significant reduction in the assessed valuation of agricultural, residential, commercial, and industrial property. The increase in net capital assets and invested in capital assets reflects the completion of construction on the School District's new facilities. Note also, the significant decrease in current and other liabilities. Much of this, \$1.8 million, was a reduction in contracts payable due to completion of construction activities. In addition, there was a decrease in deferred revenue corresponding to the decrease in the receivable for property taxes.

Table 2 reflects the change in net assets for fiscal year 2010 and fiscal year 2009.

Table 2  
Change in Net Assets

	Governmental Activities		
	2010	2009	Change
<u>Revenues:</u>			
Program Revenues			
Charges for Services	\$970,051	\$918,153	\$51,898
Operating Grants, Contributions, and Interest	3,957,371	3,683,476	273,895
Capital Grants and Contributions	24,523	5,403	19,120
Total Program Revenues	<u>4,951,945</u>	<u>4,607,032</u>	<u>344,913</u>
			(continued)

Bucyrus City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
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Table 2  
Change in Net Assets  
(continued)

	Governmental Activities		
	2010	2009	Change
<u>Revenues:</u> (continued)			
General Revenues			
Property Taxes Levied for General Purposes	\$4,007,576	\$4,112,529	(\$104,953)
Property Taxes Levied for Classroom Facilities Purposes	58,091	58,292	(201)
Property Taxes Levied for Debt Service Purposes	679,951	711,692	(31,741)
Property Taxes Levied for Permanent Improvement Purposes	58,091	58,291	(200)
Payment in Lieu of Taxes	46,689	47,475	(786)
Grants and Entitlements	8,918,449	9,002,094	(83,645)
Interest	77,048	605,548	(528,500)
Gifts and Donations	3,189	1,041	2,148
Miscellaneous	199,478	202,695	(3,217)
Total General Revenues	<u>14,048,562</u>	<u>14,799,657</u>	<u>(751,095)</u>
Total Revenues	<u>19,000,507</u>	<u>19,406,689</u>	<u>(406,182)</u>
<u>Expenses:</u>			
Instruction:			
Regular	9,650,619	8,192,628	(1,457,991)
Special	2,247,686	2,228,641	(19,045)
Vocational	315,077	227,323	(87,754)
Support Services:			
Pupils	1,095,979	1,061,663	(34,316)
Instructional Staff	1,380,855	1,244,707	(136,148)
Board of Education	94,409	120,174	25,765
Administration	1,527,049	1,452,728	(74,321)
Fiscal	532,309	536,857	4,548
Business	307,776	319,766	11,990
Operation and Maintenance of Plant	1,533,562	1,092,370	(441,192)
Pupil Transportation	356,279	264,001	(92,278)
Central	263,410	340,404	76,994
Non-Instructional Services	1,506,297	1,072,532	(433,765)
Extracurricular Activities	485,669	463,107	(22,562)
Interest and Fiscal Charges	564,109	574,219	10,110
Total Expenses	<u>21,861,085</u>	<u>19,191,120</u>	<u>(2,669,965)</u>
Increase (Decrease) in Net Assets	<u>(2,860,578)</u>	<u>215,569</u>	<u>(3,076,147)</u>
Net Assets at Beginning of Year	<u>36,851,797</u>	<u>36,636,228</u>	<u>215,569</u>
Net Assets at End of Year	<u>\$33,991,219</u>	<u>\$36,851,797</u>	<u>(\$2,860,578)</u>

Although the change in total revenues from the prior fiscal year was not very significant (decrease of 2 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; the School District received additional monies through the American Reinvestment and Recovery Act as well as from a grant related to alcohol abuse prevention. The most significant change for general revenues was the decrease in interest revenue as the School District had far fewer resources invested due to the spending for construction activities.

Bucyrus City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
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The increase in expenses of over 14 percent was due, in large part, to the allocation of non-capitalized costs associated with the construction/renovation project as well as costs associated with the demolition of Kearsley Elementary. As to be expected, the major program expense is for instruction which accounted for 56 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 11 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	
	2010	2009	2010	2009
Instruction:				
Regular	\$9,650,619	\$8,192,628	\$8,808,474	\$7,464,261
Special	2,247,686	2,228,641	(404,033)	382,950
Vocational	315,077	227,323	270,510	183,095
Support Services:				
Pupils	1,095,979	1,061,663	908,004	191,262
Instructional Staff	1,380,855	1,244,707	1,380,855	1,244,707
Board of Education	94,409	120,174	94,409	120,174
Administration	1,527,049	1,452,728	1,527,049	1,452,728
Fiscal	532,309	536,857	532,309	536,857
Business	307,776	319,766	307,776	319,766
Operation and Maintenance of Plant	1,533,562	1,092,370	1,533,562	1,092,370
Pupil Transportation	356,279	264,001	334,569	244,726
Central	263,410	340,404	258,410	332,434
Non-Instructional Services	1,506,297	1,072,532	402,188	80,311
Extracurricular Activities	485,669	463,107	390,949	364,228
Interest and Fiscal Charges	564,109	574,219	564,109	574,219
Total Expenses	<u>\$21,861,085</u>	<u>\$19,191,120</u>	<u>\$16,909,140</u>	<u>\$14,584,088</u>

The support from general revenues to provide for the costs of programs was very similar in fiscal year 2010 as in fiscal year 2009 (77 percent in fiscal year 2010 and 76 percent in fiscal year 2009). 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. The total cost of the special instruction program was provided for through program revenues in fiscal year 2010 due to additional grant resources received from the American Reinvestment and Recovery Act. Almost 73 percent of non-instructional services costs 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, 2010  
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. The change in fund balance for the General Fund was not significant; however, fund balance decreased significantly in both the Building and Ohio School Facilities Commission capital projects funds as construction activities were being finalized.

**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 2010, the School District amended its General Fund budget as needed. For revenues, there was no change from the original budget to the final budget. The most significant change in comparing actual revenues to amounts budgeted is reflected in property taxes. For expenditures, changes from the original budget to the final budget and from the final budget to actual expenditures were not significant.

**Capital Assets and Debt Administration**

Capital Assets

At the end of fiscal year 2010, the School District had \$37,196,068 invested in capital assets (net of accumulated depreciation). This reflects a substantial increase from the prior fiscal year and is largely due to completing construction 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, 2010, consisted of general obligation bonds, in the amount of \$13,043,032. The School District's long-term obligations also include compensated absences. For further information regarding the School District's long-term obligations, refer to Note 17 to the basic financial statements.

**Current Issues**

The Bucyrus City School District Board of Education has the responsibility of oversight of the financial condition of the School District. In these challenging economic conditions, this oversight continues to be a struggle.

The current State biennial budget provided for the basic foundation to be calculated through an evidence-based model. The funding model sought to provide a more equitable funding formula for all school districts in Ohio. During this nationwide financial crisis, the evidence-based model was not fully funded. To further exacerbate the funding issues, the financial crisis at the State level has been closely watched by all government entities and school districts across the State.

Bucyrus City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

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The voters in the State of Ohio have given the nod to a new governor during the November gubernatorial race. With this change in the State House, there are new funding priorities coming from Columbus. The most recent updates from BASA, OSBA and OASBO indicate that school districts across the State may be participating in a 15 to 20 percent decrease in State foundation funding. For Bucyrus City School District, a 15 percent decrease would equate to \$1.2 million in lost revenues. Foundation adjustments have been estimated to begin as early as January 2011.

To compound this funding reduction, as of June 30, 2011, all of the State Fiscal Stabilization Funds and the American Reinvestment and Recovery Act funds are slated to end. For Bucyrus City School District, this equates to approximately \$800,000 in lost funding for the upcoming fiscal year beginning July 1, 2011. If the School District were to lose \$2M from the budget for fiscal year 2012, the Board of Education will be in the position to adopt deep cuts in the current budget to keep the School District afloat.

The School District heard from the voters as well during the November election. A \$1.575 million emergency levy is set to expire on December 31, 2011, which will provide funding through December 31, 2012. A substitute levy was defeated by the voters by a margin of 16.43 percent. The School District will be on the ballot again in February to replace this important funding stream.

With challenge comes opportunity. Opportunity to explore alternative ways to administer educational services to the taxpayers of Bucyrus City School District, the opportunity to adopt creative ways to consolidate services needed by all school districts, and the opportunity to take a step away from business as usual and develop new best practices as they relate to the smooth operation and fiscal viability of all school districts.

The Board of Education will be exploring ways to, not only, decrease spending but to increase revenue streams through alternative funding sources. Identifying ways to reduce spending and increase revenues is paramount to the preservation of capital and ongoing high quality education for students in the School District.

### **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 Dawn Jacobs, Treasurer, Bucyrus City School District, 170 Plymouth Street, Bucyrus, Ohio 44820.

Bucyrus City School District  
Statement of Net Assets  
June 30, 2010

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$10,483,066
Cash and Cash Equivalents	
with Escrow Agent	645,363
Accounts Receivable	21,571
Accrued Interest Receivable	2,711
Intergovernmental Receivable	566,317
Inventory Held for Resale	19,327
Materials and Supplies Inventory	5,422
Property Taxes Receivable	5,123,941
Payment in Lieu of Taxes Receivable	46,689
Unamortized Issuance Costs	198,301
Nondepreciable Capital Assets	833,963
Depreciable Capital Assets, Net	36,362,105
Total Assets	54,308,776
 <u>Liabilities:</u>	
Accounts Payable	83,450
Contracts Payable	22,922
Accrued Wages and Benefits Payable	1,735,807
Matured Compensated Absences Payable	28,957
Intergovernmental Payable	507,627
Retainage Payable	645,363
Deferred Revenue	2,850,614
Accrued Interest Payable	47,871
Long-Term Liabilities:	
Due Within One Year	367,780
Due in More Than One Year	14,027,166
Total Liabilities	20,317,557
 <u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	24,859,369
Restricted For:	
Debt Service	182,291
Capital Projects	2,785,514
Set Asides	67,822
Other Purposes	792,762
Unrestricted	5,303,461
Total Net Assets	\$33,991,219

See Accompanying Notes to Basic Financial Statements

Bucyrus City School District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2010

	Program Revenues			Net (Expense) Revenue and Change in Net Assets	
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	Governmental Activities
<u>Governmental Activities:</u>					
<u>Instruction:</u>					
Regular	\$9,650,619	\$556,845	\$285,300	\$0	(\$8,808,474)
Special	2,247,686	1,571	2,650,148	0	404,033
Vocational	315,077	0	44,567	0	(270,510)
<u>Support Services:</u>					
Pupils	1,095,979	0	187,975	0	(908,004)
Instructional Staff	1,380,855	0	0	0	(1,380,855)
Board of Education	94,409	0	0	0	(94,409)
Administration	1,527,049	0	0	0	(1,527,049)
Fiscal	532,309	0	0	0	(532,309)
Business	307,776	0	0	0	(307,776)
Operation and Maintenance of Plant	1,533,562	0	0	0	(1,533,562)
Pupil Transportation	356,279	0	21,710	0	(334,569)
Central	263,410	0	5,000	0	(258,410)
Non-Instructional Services	1,506,297	334,466	745,120	24,523	(402,188)
Extracurricular Activities	485,669	77,169	17,551	0	(390,949)
Interest and Fiscal Charges	564,109	0	0	0	(564,109)
<b>Total Governmental Activities</b>	<b>\$21,861,085</b>	<b>\$970,051</b>	<b>\$3,957,371</b>	<b>\$24,523</b>	<b>(16,909,140)</b>

General Revenues:

Property Taxes Levied for General Purposes	4,007,576
Property Taxes Levied for Classroom Facilities Purposes	58,091
Property Taxes Levied for Debt Service Purposes	679,951
Property Taxes Levied for Permanent Improvement Purposes	58,091
Payment in Lieu of Taxes	46,689
Grants and Entitlements not Restricted to Specific Programs	8,918,449
Interest	77,048
Gifts and Donations	3,189
Miscellaneous	199,478
<b>Total General Revenues</b>	<b>14,048,562</b>
Change in Net Assets	(2,860,578)
Net Assets at Beginning of Year (Restated - Note 3)	36,851,797
Net Assets at End of Year	<b>\$33,991,219</b>

See Accompanying Notes to the Basic Financial Statements



Bucyrus City School District  
Balance Sheet  
Governmental Funds  
June 30, 2010

	General	Building	Ohio School Facilities Commission	Other Governmental	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$6,728,093	\$947,732	\$1,321,138	\$1,412,676	\$10,409,639
Accounts Receivable	21,571	-	-	-	21,571
Accrued Interest Receivable	795	1,372	544	-	2,711
Interfund Receivable	5,603	-	-	136	5,739
Intergovernmental Receivable	7,919	-	31,070	527,328	566,317
Inventory Held for Resale	-	-	-	19,327	19,327
Materials and Supplies Inventory	-	-	-	5,422	5,422
<u>Restricted Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	73,427	-	-	-	73,427
Cash and Cash Equivalents with Escrow Agent	-	-	645,363	-	645,363
Property Taxes Receivable	4,273,055	-	-	850,886	5,123,941
Payment in Lieu of Taxes Receivable	46,689	-	-	-	46,689
<b>Total Assets</b>	<b>\$11,157,152</b>	<b>\$949,104</b>	<b>\$1,998,115</b>	<b>\$2,815,775</b>	<b>\$16,920,146</b>
<u>Liabilities and Fund Balances:</u>					
<u>Liabilities</u>					
Accounts Payable	\$72,420	\$0	\$0	\$11,030	\$83,450
Contracts Payable	-	15,948	-	6,974	22,922
Accrued Wages and Benefits Payable	1,403,079	-	-	332,728	1,735,807
Matured Compensated Absences Payable	28,957	-	-	0	28,957
Interfund Payable	-	-	-	5,739	5,739
Intergovernmental Payable	421,999	-	-	85,628	507,627
<u>Liabilities Payable from Restricted Assets:</u>					
Retainage Payable	-	-	645,363	-	645,363
Deferred Revenue	2,719,963	1,324	31,614	830,875	3,583,776
<b>Total Liabilities</b>	<b>4,646,418</b>	<b>17,272</b>	<b>676,977</b>	<b>1,272,974</b>	<b>6,613,641</b>
<u>Fund Balances:</u>					
Reserved for Property Taxes	1,605,952	-	-	319,974	1,925,926
Reserved for Budget Stabilization	67,822	-	-	-	67,822
Reserved for Bus Purchase	5,605	-	-	-	5,605
Reserved for Encumbrances	250,925	454,241	-	403,178	1,108,344
<u>Unreserved Reported in:</u>					
General Fund	4,580,430	-	-	-	4,580,430
Special Revenue Funds	-	-	-	229,485	229,485
Debt Service Fund	-	-	-	414,111	414,111
Capital Projects Funds	-	477,591	1,321,138	176,053	1,974,782
<b>Total Fund Balances</b>	<b>6,510,734</b>	<b>931,832</b>	<b>1,321,138</b>	<b>1,542,801</b>	<b>10,306,505</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$11,157,152</b>	<b>\$949,104</b>	<b>\$1,998,115</b>	<b>\$2,815,775</b>	<b>\$16,920,146</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, 2010

Total Governmental Fund Balances		\$10,306,505
<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.		37,196,068
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Accounts Receivable	5,206	
Intergovernmental Receivable	331,033	
Accrued Interest Receivable	2,328	
Property Taxes Receivable	347,906	
Payment in Lieu of Taxes Receivable	46,689	733,162
Unamortized issuance costs are deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.		198,301
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued Interest Payable	(47,871)	
General Obligation Bonds Payable	(13,043,032)	
Compensated Absences Payable	(1,351,914)	(14,442,817)
Net Assets of Governmental Activities		\$33,991,219

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, 2010

	General	Building	Ohio School Facilities Commission	Other Governmental	Total Governmental Funds
<u>Revenues:</u>					
Property Taxes	\$3,977,654	\$0	\$0	\$791,681	\$4,769,335
Payment in Lieu of Taxes	47,475	0	0	0	47,475
Intergovernmental	9,495,137	0	315,455	3,322,502	13,133,094
Interest	70,153	1,634	2,933	76	74,796
Tuition and Fees	559,021	0	0	15,784	574,805
Extracurricular Activities	2,014	0	0	83,227	85,241
Charges for Services	0	0	0	318,682	318,682
Gifts and Donations	1,595	0	0	3,950	5,545
Miscellaneous	162,354	13,010	0	34,346	209,710
Total Revenues	<u>14,315,403</u>	<u>14,644</u>	<u>318,388</u>	<u>4,570,248</u>	<u>19,218,683</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	6,396,306	0	0	1,137,290	7,533,596
Special	1,555,466	0	0	622,272	2,177,738
Vocational	318,774	0	0	0	318,774
Support Services:					
Pupils	735,915	0	0	249,955	985,870
Instructional Staff	1,087,132	0	0	280,941	1,368,073
Board of Education	94,409	0	0	0	94,409
Administration	1,357,888	0	0	2,817	1,360,705
Fiscal	530,170	0	0	25,516	555,686
Business	303,062	0	0	3,359	306,421
Operation and Maintenance of Plant	996,599	0	0	417,609	1,414,208
Pupil Transportation	324,388	0	0	162,893	487,281
Central	154,727	0	0	107,244	261,971
Non-Instructional Services	1,160	0	0	1,141,747	1,142,907
Extracurricular Activities	326,709	0	0	143,641	470,350
Capital Outlay	0	2,736,040	4,409,242	825	7,146,107
Debt Service:					
Principal Retirement	536	0	0	180,000	180,536
Interest and Fiscal Charges	73	0	0	577,825	577,898
Total Expenditures	<u>14,183,314</u>	<u>2,736,040</u>	<u>4,409,242</u>	<u>5,053,934</u>	<u>26,382,530</u>
Changes in Fund Balances	132,089	(2,721,396)	(4,090,854)	(483,686)	(7,163,847)
Fund Balances at Beginning of Year	6,378,645	3,653,228	5,411,992	2,026,487	17,470,352
Fund Balances at End of Year	<u>\$6,510,734</u>	<u>\$931,832</u>	<u>\$1,321,138</u>	<u>\$1,542,801</u>	<u>\$10,306,505</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, 2010

Changes in Fund Balances - Total Governmental Funds (\$7,163,847)

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	5,606,969	
Capital Outlay - Depreciable Capital Assets	663,522	
Depreciation	<u>(176,362)</u>	6,094,129

The book value of capital assets is removed from the capital asset account on the statement of net assets when disposed of resulting in a loss on disposal of capital assets on the statement of activities. (1,628,231)

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

Property Taxes	34,374	
Payment in Lieu of Taxes	(786)	
Intergovernmental	(251,916)	
Interest	2,328	
Tuition and Fees	<u>(2,176)</u>	(218,176)

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	180,000	
Capital Leases Payable	<u>536</u>	180,536

The termination of a capital lease is not reflected in the governmental funds but the termination reduces long-term liabilities on the statement of net assets. 11,069

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	562	
Amortization of Premium	<u>21,695</u>	22,257

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. (\$8,468)

Compensated absences do not require the use of current financial resources and, therefore, are not reported as an expenditure in the governmental funds. (149,847)

Change in Net Assets of Governmental Activities (\$2,860,578)

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$4,558,714	\$4,558,714	\$3,964,619	(\$594,095)
Payment in Lieu of Taxes	47,475	47,475	47,475	0
Intergovernmental	9,681,889	9,681,889	9,564,381	(117,508)
Interest	75,000	75,000	72,266	(2,734)
Tuition and Fees	497,600	497,600	558,716	61,116
Extracurricular Activities	4,900	4,900	2,014	(2,886)
Gifts and Donations	570	570	1,595	1,025
Miscellaneous	136,950	136,950	145,788	8,838
Total Revenues	<u>15,003,098</u>	<u>15,003,098</u>	<u>14,356,854</u>	<u>(646,244)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	7,701,911	7,509,714	6,491,638	1,018,076
Special	1,922,806	1,922,806	1,503,637	419,169
Vocational	289,420	289,420	301,506	(12,086)
Support Services:				
Pupils	1,021,140	1,021,140	788,847	232,293
Instructional Staff	754,869	754,869	1,035,583	(280,714)
Board of Education	142,821	142,821	99,542	43,279
Administration	1,053,903	1,053,903	1,322,305	(268,402)
Fiscal	460,767	460,767	524,205	(63,438)
Business	319,672	319,672	317,765	1,907
Operation and Maintenance of Plant	974,649	986,699	1,050,699	(64,000)
Pupil Transportation	127,085	127,085	311,446	(184,361)
Central	46,367	46,367	167,083	(120,716)
Non-Instructional Services	551	551	1,238	(687)
Extracurricular Activities	84,330	84,330	333,467	(249,137)
Capital Outlay	2,201	2,201	0	2,201
Total Expenditures	<u>14,902,492</u>	<u>14,722,345</u>	<u>14,248,961</u>	<u>473,384</u>
Excess of Revenues Over Expenditures	<u>100,606</u>	<u>280,753</u>	<u>107,893</u>	<u>(172,860)</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	23,500	23,500	27,267	3,767
Refund of Prior Year Receipts	(8,797)	(8,797)	0	8,797
Other Financing Uses	(300,000)	(300,000)	0	300,000
Advances In	0	0	178,500	178,500
Advances Out	(31,450)	(34,950)	(141,500)	(106,550)
Total Other Financing Sources (Uses)	<u>(316,747)</u>	<u>(320,247)</u>	<u>64,267</u>	<u>384,514</u>
Changes in Fund Balance	(216,141)	(39,494)	172,160	211,654
Fund Balance at Beginning of Year	6,008,829	6,008,829	6,008,829	0
Prior Year Encumbrances Appropriated	273,986	273,986	273,986	0
Fund Balance at End of Year	<u>\$6,066,674</u>	<u>\$6,243,321</u>	<u>\$6,454,975</u>	<u>\$211,654</u>

See Accompanying Notes to the Basic Financial Statements

Bucyrus City School District  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2010

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$4,804	\$30,346
<u>Liabilities:</u>		
Due to Students	0	\$30,346
<u>Net Assets:</u>		
Held in Trust for Scholarships	\$4,804	

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, 2010

Additions:

Gifts and Donations	\$2,253
Miscellaneous	344
Total Additions	<u>2,597</u>

Deductions:

Non-Instructional Services	<u>3,500</u>
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Change in Net Assets (903)

Net Assets at Beginning of Year	<u>5,707</u>
Net Assets at End of Year	<u><u>\$4,804</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 330<sup>th</sup> largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by seventy-five classified employees, one hundred twenty-three certified teaching personnel, and ten administrative employees who provide services to 1,678 students and other community members. The School District currently operates one elementary school, one high school/middle school, one athletic/community building, and one central office.

**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 20 and 21 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 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.

Bucyrus City School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**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, 2010, but which were levied to finance fiscal year 2011 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 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 2010, the School District invested in nonnegotiable certificates of deposit, 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, 2010.

The School District allocates interest earnings according to State statutes. Interest revenue credited to the General Fund during fiscal year 2010 was \$70,153, which includes \$14,796 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. 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.

**H. 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.

**I. 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.

Bucyrus City School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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

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:

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

**J. 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.

**K. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable 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.

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.

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

**L. 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.

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding 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.

**N. 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.

**O. 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)

**P. 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.

**Q. 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 Net Assets**

**A. Change in Accounting Principles**

For fiscal year 2010, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in the economic resources measurement focus financial statements. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and the participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. 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  
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**Note 3 - Change in Accounting Principles** (continued)

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any changes to the financial statements.

**B. Restatement of Net Assets**

In fiscal year 2010, the School District changed the accounting treatment applied to the receivable for payment in lieu of taxes. Based on guidance from GASB, this receivable is presently considered a non-exchange transaction and a one year receivable is being recorded. In prior years, this was considered an exchange transaction and the entire receivable was recognized in the initial year.

	Governmental Activities
Net Assets at June 30, 2009	\$37,185,636
Payment in Lieu of Taxes Receivable	(333,839)
Restated Net Assets at June 30, 2009	\$36,851,797

**Note 4 - Accountability and Compliance**

**A. Accountability**

At June 30, 2010, the Early Childhood Education, ARRA Education Stabilization, Title I, and Title II-A special revenue funds had deficit fund balances, in the amount of \$2,624, \$110,843, \$26,658, and \$5,578, respectively, 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 following funds had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 2010.

Fund	Estimated Resources plus Available Balances	Appropriations	Excess
Special Revenue Funds			
Auxiliary Services	\$34,699	\$40,720	\$6,021
Network Connectivity	0	4,573	4,573
ARRA Education Stabilization	525,122	538,197	13,075
Title II-D	103,806	105,466	1,660
Capital Projects Funds			
Building	3,639,359	3,672,372	33,013
Ohio School Facilities Commission	7,518,443	7,539,643	21,200

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

Bucyrus City School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**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).

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

Changes in Fund Balance	
GAAP Basis	\$132,089
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2009, Received in Cash FY 2010	1,698,784
Accrued FY 2010, Not Yet Received in Cash	(1,630,066)
Expenditure Accruals:	
Accrued FY 2009, Paid in Cash FY 2010	(1,639,954)
Accrued FY 2010, Not Yet Paid in Cash	1,926,455
Transfers In	178,500
Transfers Out	(141,500)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(352,148)
Budget Basis	\$172,160

**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.

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.

Bucyrus City School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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

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, 2010, the School District had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Federal Home Loan Bank Bonds	\$170,160	12/29/10
Federal Home Loan Bank Bonds	750,000	03/07/11
Federal Home Loan Bank Bonds	250,078	06/22/11
Federal Home Loan Bank Bonds	400,000	10/26/11
Federal National Mortgage Association Notes	1,948,245	12/01/10
Mutual Fund	546,818	Average 7 days
Mutual Fund	7	Average 42 days
STAR Ohio	262,654	Average 56 days
	<u>\$4,327,962</u>	

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 Federal Home Loan Bank Bonds and the Federal National Mortgage Association Notes carry a rating of AAA by Moody's. The mutual funds 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 mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service and STAR Ohio must 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.

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Federal Home Loan Bank	\$1,570,238	36.28%
Federal National Mortgage Association	1,948,245	45.02

Bucyrus City School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Note 7 - Receivables**

Receivables at June 30, 2010, 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, 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.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
General Fund	
Ohio Department of Taxation	\$505
Pioneer Career Center	284
Ohio Department of Job and Family Services	880
Goal Digital Academy	544
MOESC	5,706
Total General Fund	7,919
Ohio Schools Facilities Commission	
Ohio Schools Facilities Commission	31,070
Other Governmental Funds	
Food Service	25,928
Auxiliary Services	3,144
Early Childhood Education	8,134
Special Ed Idea-B	120,058
Title II-D	37,123
Title I	124,906
Drug Free	725
Early Childhood Special Education	4,847
Title II-A	24,174
Miscellaneous Federal Grants	178,199
Bond Retirement	90
Total Other Governmental Funds	527,328
Total Intergovernmental Receivables	\$566,317

**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, 2010

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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 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, 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 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. 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 2010 were levied after October 1, 2009, on the value as of December 31, 2009. 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, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2010, 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, 2010, was \$1,605,952 in the General Fund, \$23,300 in the Classroom Facilities special revenue fund, \$273,374 in the Bond Retirement debt service fund, and \$23,300 in the Permanent Improvement capital projects fund. 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.

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, 2010

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

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

	2009 Second- Half Collections		2010 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$141,198,110	95.84%	\$134,795,590	95.55%
Public Utility	6,127,490	4.16	6,274,420	4.45
Total Assessed Value	<u>\$147,325,600</u>	<u>100.00%</u>	<u>\$141,070,010</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$55.83		\$56.19	

**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, 2010, was as follows:

	Balance at 6/30/09	Additions	Reductions	Balance at 6/30/10
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$638,140	\$0	(\$213,980)	\$424,160
Construction in Progress	28,947,640	5,606,969	(34,144,806)	409,803
Total Nondepreciable Capital Assets	<u>29,585,780</u>	<u>5,606,969</u>	<u>(34,358,786)</u>	<u>833,963</u>
Depreciable Capital Assets				
Land Improvements	916,655	0	(56,246)	860,409
Buildings and Building Improvements	6,531,161	34,233,791	(2,143,721)	38,621,231
Furniture, Fixtures, and Equipment	998,099	417,497	(848,990)	566,606
Vehicles	759,050	157,040	0	916,090
Total Depreciable Capital Assets	<u>9,204,965</u>	<u>34,808,328</u>	<u>(3,048,957)</u>	<u>40,964,336</u>

(continued)

Bucyrus City School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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

	Balance at 6/30/09	Additions	Reductions	Balance at 6/30/10
Less Accumulated Depreciation				
Land Improvements	(\$808,880)	(\$21,806)	\$56,246	(\$774,440)
Buildings and Building Improvements	(3,992,169)	(93,025)	1,009,873	(3,075,321)
Furniture, Fixtures, and Equipment	(698,210)	(38,864)	568,587	(168,487)
Vehicles	(561,316)	(22,667)	0	(583,983)
Total Accumulated Depreciation	(6,060,575)	(176,362)	1,634,706	(4,602,231)
Depreciable Capital Assets, Net	3,144,390	34,631,966	(1,414,251)	36,362,105
Governmental Activities Capital Assets, Net	\$32,730,170	\$40,238,935	(\$35,773,037)	\$37,196,068

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular		\$59,868
Special		9,115
Vocational		2,415
Support Services:		
Pupils		1,577
Instructional Staff		2,209
Administration		3,375
Operation and Maintenance of Plant		16,269
Pupil Transportation		17,072
Non-Instructional Services		49,143
Extracurricular Activities		15,319
Total Depreciation Expense		<u>\$176,362</u>

**Note 11 - Interfund Assets/Liabilities**

At June 30, 2010, the General Fund had an interfund receivable, in the amount of \$5,603, from other governmental funds to alleviate deficit cash balances. Other governmental funds had an interfund receivable, in the amount of \$136, for services provided to those funds. Amounts are expected to be repaid within one year.

**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.



Bucyrus City School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Note 12 - Risk Management** (continued)

During fiscal year 2010, the School District contracted for the following insurance coverage.

Coverage provided by School Insurance Consultants, LLC::

Buildings and Contents - replacement cost	\$41,693,400
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 2010, 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, 2010:

Vendor	Contract Amount	Amount Paid as of 6/30/10	Outstanding Balance
J & F Construction, Inc.	\$255,610	\$94,592	\$161,018
Kinn Brothers	79,625	48,247	31,378
Advanced Industrial Roofing	148,939	67,909	81,030

**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, 2010, 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, 2010, 2009, and 2008 was \$865,305, \$895,860, and \$885,024, respectively; 84 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DCP and CP for fiscal year 2010 were \$34,849 made by the School District and \$24,892 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, 2010, 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 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 was \$227,857, \$176,251, and \$176,925, respectively; 11 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the 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, 2010, 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 2010, 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, 2010, 2009, and 2008 was \$69,243, \$69,300, and \$68,258 respectively; 84 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**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 2010, .46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2010, the surcharge amount was \$35,658.

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, 2010, 2009, and 2008 was \$8,201, \$80,660, and \$80,736, respectively; 11 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2010, this actuarially required allocation was .76 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 was \$13,550, \$14,542, and \$12,748, respectively; 11 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**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, 2010

**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-eight 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 all employees medical benefits 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, 2010, there was no liability for separation benefits.

**Note 17 - Long-Term Obligations**

Changes in the School District's long-term obligations during fiscal year 2010 were as follows:

	Balance at 6/30/09	Additions	Reductions	Balance at 6/30/10	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds					
School Improvement Bonds FY 2007					
Serial Bonds 3.5-3.75%	\$2,795,000	\$0	\$180,000	\$2,615,000	\$240,000
Term Bonds 4.25-5%	9,920,000	0	0	9,920,000	0
Premium	529,727	0	21,695	508,032	0
Total General Obligation Bonds	13,244,727	0	201,695	13,043,032	240,000
Compensated Absences	1,202,067	189,322	39,475	1,351,914	127,780
Capital Leases	11,605	0	11,605	0	0
Total Governmental Activities Long-Term Obligations	\$14,458,399	\$189,322	\$252,775	\$14,394,946	\$367,780

Bucyrus City School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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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.

The School District's overall debt margin was \$284,088 with an unvoted debt margin of \$134,796 at June 30, 2010.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2010, were as follows:

Fiscal Year Ending	General Obligation Bonds			
	Serial	Term	Interest	Total
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	355,000	0	526,731	881,731
2016-2020	1,165,000	860,000	2,408,814	4,433,814
2021-2025	0	2,560,000	1,864,500	4,424,500
2026-2030	0	3,265,000	1,140,125	4,405,125
2031-2034	0	3,235,000	285,137	3,520,137
	\$2,615,000	\$9,920,000	\$8,446,514	\$20,981,514

Bucyrus City School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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

The School District 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 2010 were \$536. During fiscal year 2010, the capital lease was terminated which resulted in a reduction in the capital lease liability of \$11,069 for governmental funds.

**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, 2010, only the unspent portion of certain workers' compensation refunds continues to be set aside.

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2010.

	Textbooks	Capital Improvements	Budget Stabilization
Balance June 30, 2009	(\$432,191)	\$0	\$67,822
Current Year Set Aside Requirement	270,440	270,440	0
Qualifying Expenditures	(222,724)	0	0
Current Year Offsets	0	(270,440)	0
Balance June 30, 2010	<u>(\$384,475)</u>	<u>\$0</u>	<u>\$67,822</u>

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 requirement in future fiscal years.

**Note 20 - 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 2010, the School District paid \$47,886 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.

**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 21 - 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 22 - 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, 2010.

**B. Litigation**

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



**BUCYRUS CITY SCHOOLS  
CRAWFORD COUNTY  
FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/ Pass Through Grantor / Program Title	Federal CFDA Number	Receipts	Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through The Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	\$ 74,405	\$ 74,405
Cash Assistance:			
School Breakfast Program	10.553	151,585	151,585
National School Lunch Program	10.555	401,810	382,342
Child and Adult Care Food Program	10.558	15,098	15,098
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	24,523	24,523
Fresh Fruits and Vegetable Program-Cash Assistance	10.582	23,694	23,694
Cash Assistance Subtotal		<u>616,710</u>	<u>597,242</u>
Total Child Nutrition Cluster		<u>691,115</u>	<u>671,647</u>
<b>Total U.S. Department of Agriculture</b>		<u>691,115</u>	<u>671,647</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through The Ohio Department of Education:</i>			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	454,409	444,887
ARRA - Education for Homeless Children and Youth	84.387	2,300	2,175
ARRA - Title I Grants to Local Educational Agencies	84.389	<u>149,800</u>	<u>137,455</u>
Total Title I Cluster		606,509	584,517
ARRA - School Improvement Grants	84.388	-	1,070
Special Education Cluster:			
Special Education Grants to States	84.027	461,072	397,688
ARRA - Special Education Grants to States	84.391	378,000	343,476
Special Education Preschool Grant	84.173	8,705	10,180
ARRA - Special Education Preschool Grant	84.392	<u>8,900</u>	<u>7,705</u>
Total Special Education Cluster		856,677	759,049
Education Technology State Grant:			
Technology Literacy Challenge Fund Grants	84.318	2,021	1,707
ARRA - Education Technology State Grants	84.386	<u>66,315</u>	<u>64,499</u>
Total Education Technology State Grant		68,336	66,206
Safe and Drug Free Schools and Communities Grants			
Safe and Drug Free Schools and Communities	84.184	102,309	102,319
Safe and Drug Free Schools and Communities	84.186	<u>5,691</u>	<u>6,416</u>
Total Safe and Drug Free Schools and Communities		108,000	108,735
Twenty-First Century Community Learning	84.287	195,150	211,225
Title II-A Improving Teacher Quality State Grants	84.367	115,241	112,379
ARRA - State Fiscal Stabilization Fund	84.394	<u>538,197</u>	<u>538,197</u>
<b>Total – U.S. Department of Education</b>		<u>2,488,110</u>	<u>2,381,378</u>
<b>Total Federal Financial Assistance</b>		<u>\$ 3,179,225</u>	<u>\$ 3,053,025</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, 2010**

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**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.

**Note C – Child Nutrition Cluster**

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

***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 INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

December 10, 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, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report dated December 10, 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 deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 a certain noncompliance or other matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 10, 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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1035 Murdoch Avenue  
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428 Second Street  
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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

December 10, 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, 2010. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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, 2010.

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

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

We intend this report solely for the information and use of the audit committee, management, 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, 2010**

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

<i>(d)(I)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(I)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(I)(ii)</i>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(I)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(I)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(I)(iv)</i>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(I)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(I)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(I)(vii)</i>	<b>Major Programs (list):</b>	Title I Cluster; CFDA # 84.010 Title I Grants to Local Educational Agencies, #84.387 ARRA Education for Homeless Children and Youth, # 84.389 ARRA - Title I Grants to Local Educational Agencies Special Education Cluster; CFDA # 84.027 Special Education Grants to States, 84.173 Special Education Preschool, 84.391 ARRA - Special Education Grants to States, 84.392 ARRA - Special Education Preschool Grants CFDA # 84.394 ARRA – State Fiscal Stabilization Fund
<i>(d)(I)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(I)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

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# Dave Yost • 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  
FEBRUARY 1, 2011**