

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY
Single Audit
For the Fiscal Year Ended June 30, 2013**

Perry & Associates
Certified Public Accountants, A.C



Dave Yost • Auditor of State

Board of Education
Bucyrus City School District
170 Plymouth Street
Bucyrus, OH 44820

We have reviewed the *Independent Auditor's Report* of the Bucyrus City School District, Crawford County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2012 through June 30, 2013. 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

April 3, 2014

This page intentionally left blank.

Bucyrus City School District
 Table of Contents
 For the Fiscal Year Ended June 30, 2013

TITLE	PAGE
Independent Auditor’s Report	1
Management’s Discussion and Analysis.....	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund.....	20
Statement of Fund Net Position – Enterprise Fund	21
Statement of Revenues, Expenses, and Changes in Fund Net Position – Enterprise Fund	22
Statement of Cash Flows – Enterprise Fund.....	23
Statement of Fiduciary Net Position – Fiduciary Funds.....	24
Statement of Change in Fiduciary Net Position – Private Purpose Trust Fund	25
Notes to the Basic Financial Statements.....	26
Schedule of Receipts and Expenditures of Federal Awards	55
Notes to the Schedule of Receipts and Expenditures of Federal Awards	56
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	57

Bucyrus City School District
Table of Contents
For the Fiscal Year Ended June 30, 2013

TITLE	PAGE
Independent Auditor's Report on Compliance with Requirements Applicable To Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	59
Schedule of Audit Findings – OMB Circular A -133 § .505	61
Independent Accountants' Report on Applying Agreed-Upon Procedures	62

Perry & Associates
Certified Public Accountants, A.C.

www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E. Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

INDEPENDENT AUDITOR'S REPORT

January 29, 2014

Bucyrus City School District
Crawford County
170 Plymouth Street
Bucyrus, OH 44820

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Bucyrus City School District**, Crawford County, Ohio (the School District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bucyrus City School District, Crawford County, Ohio, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3A to the financial statements, during the year ended June 30, 2013, the School District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the School District's basic financial statements taken as a whole.

The Schedule of Receipts and Expenditures of Federal Awards presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2014, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

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

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Bucyrus City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

The discussion and analysis of Bucyrus City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. 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 2013 are as follows:

In total, net position decreased \$1,614,253, or 5 percent.

General revenues were 75 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 position 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 is the most significant fund.

Reporting the School District as a Whole

The statement of net position and the statement of activities reflect how the School District did financially during fiscal year 2013. 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.

These statements report the School District's net position and changes in net position. This change in net position 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.

Bucyrus City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

In the statement of net position and the statement of activities, the School District discloses two types of activities:

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

Business-Type Activity - This service is provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The Early Childhood Development program (afterschool activities) is reported as a business-type activity.

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 only major fund is the General Fund.

Governmental Funds - Most 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.

Enterprise Fund - The School District's enterprise fund is used to report the same function that is presented as a business-type activity on the government-wide financial statements and uses the accrual basis of accounting. The School District uses an enterprise fund to account for the Early Childhood Development program (afterschool activities).

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.

Bucyrus City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2013 and fiscal year 2012:

Table 1
Net Position

	Governmental Activities		Business-Type Activity		Total	
	2013	2012	2013	2012	2013	2012
<u>Assets</u>						
Current and Other Assets	\$13,666,574	\$14,256,755	\$11,884	\$6,534	\$13,678,458	\$14,263,289
Capital Assets, Net	35,448,202	35,904,704	0	0	35,448,202	35,904,704
Total Assets	<u>49,114,776</u>	<u>50,161,459</u>	<u>11,884</u>	<u>6,534</u>	<u>49,126,660</u>	<u>50,167,993</u>
<u>Deferred Outflows of Resources</u>	1,466,979	0	0	0	1,466,979	0
<u>Liabilities</u>						
Current and Other Liabilities	2,184,653	1,981,300	0	0	2,184,653	1,981,300
Long-Term Liabilities	14,785,057	13,740,381	0	0	14,785,057	13,740,381
Total Liabilities	<u>16,969,710</u>	<u>15,721,681</u>	<u>0</u>	<u>0</u>	<u>16,969,710</u>	<u>15,721,681</u>
<u>Deferred Inflows of Resources</u>	3,806,037	3,014,167	0	0	3,806,037	3,014,167
<u>Net Position</u>						
Net Investment in Capital Assets	23,546,025	24,046,068	0	0	23,546,025	24,046,068
Restricted	1,950,078	2,720,691	0	0	1,950,078	2,720,691
Unrestricted	4,309,905	4,658,852	11,884	6,534	4,321,789	4,665,386
Total Net Position	<u>\$29,806,008</u>	<u>\$31,425,611</u>	<u>\$11,884</u>	<u>\$6,534</u>	<u>\$29,817,892</u>	<u>\$31,432,145</u>

The above table reflects several changes of note from the prior fiscal year. Current and other assets of governmental activities decreased over \$590,000 primarily due to a decrease in cash and cash equivalents. Much of this was related to unused Ohio School Facilities Commission resources returned to the State after completion of the school facilities construction project. This decrease is also reflected in the decrease in restricted net position. The decrease in net capital assets and the investment in capital assets was due to annual depreciation. The School District is reporting deferred outflows of resources for fiscal year 2013 due to the debt refunding transaction on general obligation bonds. The debt refunding also resulted in an increase in long-term liabilities.

The increase in net position for the business-type activity is due to an increase in cash and cash equivalents. Due to a decrease in enrollment in the school age child care program, there was a significant decrease in expenses.

Bucyrus City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Table 2 reflects the change in net position for fiscal year 2013 and fiscal year 2012.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activity		Total	
	2013	2012	2013	2012	2013	2012
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$926,925	\$1,001,977	\$7,854	\$14,191	\$934,779	\$1,016,168
Operating Grants, Contributions, and Interest	3,356,344	3,590,977	0	0	3,356,344	3,590,977
Total Program Revenues	4,283,269	4,592,954	7,854	14,191	4,291,123	4,607,145
General Revenues						
Property Taxes Levied for General Purposes	3,704,914	4,115,731	0	0	3,704,914	4,115,731
Property Taxes Levied for Classroom Facilities Purposes	49,974	59,899	0	0	49,974	59,899
Property Taxes Levied for Debt Service Purposes	553,675	688,338	0	0	553,675	688,338
Property Taxes Levied for Permanent Improvements	49,974	59,899	0	0	49,974	59,899
Payment in Lieu of Taxes	45,131	45,917	0	0	45,131	45,917
Grants and Entitlements	8,233,759	8,379,333	0	0	8,233,759	8,379,333
Interest	27,477	27,656	0	0	27,477	27,656
Gifts and Donations	1,200	2,600	0	0	1,200	2,600
Miscellaneous	244,004	121,624	0	0	244,004	121,624
Total General Revenues	12,910,108	13,500,997	0	0	12,910,108	13,500,997
Total Revenues	17,193,377	18,093,951	7,854	14,191	17,201,231	18,108,142
<u>Expenses</u>						
Instruction:						
Regular	8,061,074	8,375,117	0	0	8,061,074	8,375,117
Special	2,115,899	2,401,492	0	0	2,115,899	2,401,492
Vocational	33,723	58,889	0	0	33,723	58,889
Support Services:						
Pupils	888,755	859,783	0	0	888,755	859,783
Instructional Staff	1,088,680	1,336,564	0	0	1,088,680	1,336,564
Board of Education	99,527	72,403	0	0	99,527	72,403
Administration	1,507,287	1,507,108	0	0	1,507,287	1,507,108
Fiscal	445,699	502,899	0	0	445,699	502,899
Business	87,497	144,726	0	0	87,497	144,726
Operation of Maintenance of Plant	2,031,114	1,193,285	0	0	2,031,114	1,193,285
Pupil Transportation	346,972	314,817	0	0	346,972	314,817
Central	208,014	218,449	0	0	208,014	218,449
Non-Instructional Services	1,096,049	1,324,864	0	0	1,096,049	1,324,864
Extracurricular Activities	476,899	474,334	0	0	476,899	474,334
Interest and Fiscal Charges	325,791	546,646	0	0	325,791	546,646
Early Childhood Development	0	0	2,504	17,376	2,504	17,376
Total Expenses	18,812,980	19,331,376	2,504	17,376	18,815,484	19,348,752
Decrease in Net Position	(1,619,603)	(1,237,425)	5,350	(3,185)	(1,614,253)	(1,240,610)
Net Position at Beginning of Year	31,425,611	32,663,036	6,534	9,719	31,432,145	32,672,755
Net Position at End of Year	\$29,806,008	\$31,425,611	\$11,884	\$6,534	\$29,817,892	\$31,432,145

Bucyrus City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

For governmental activities, there was a 7 percent decrease in program revenues from the prior fiscal year. There was a decrease in charges for services due to a decrease in open enrollment and operating grants and contributions decrease due to the expiration of several grant programs. There was also a 4 percent decrease in general revenues. As a result of Crawford County's 2012 property reappraisal, there was a large decrease in the assessed values of property. Fiscal year 2013 was the first full year of collections on these new values.

Expenses for governmental activities decreased approximately 3 percent. There were modest increases and decreases in all programs with no single program significantly influencing the overall decrease. As to be expected, the major program expense is for instruction which accounted for 54 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.

For the business-type activity, revenues decreased due to a decline in enrollment in the school age child care program. This also caused the decrease in 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	
	2013	2012	2013	2012
Instruction:				
Regular	\$8,061,074	\$8,375,117	\$7,454,698	\$7,628,160
Special	2,115,899	2,401,492	(90,576)	205,742
Vocational	33,723	58,889	(11,178)	13,988
Support Services:				
Pupils	888,755	859,783	661,016	528,354
Instructional Staff	1,088,680	1,336,564	1,088,680	1,336,564
Board of Education	99,527	72,403	99,527	72,403
Administration	1,507,287	1,507,108	1,507,287	1,507,108
Fiscal	445,699	502,899	445,699	502,899
Business	87,497	144,726	87,497	144,726
Operation and Maintenance of Plant	2,031,114	1,193,285	2,031,114	1,193,285
Pupil Transportation	346,972	314,817	319,503	296,800
Central	208,014	218,449	208,014	218,449
Non-Instructional Services	1,096,049	1,324,864	27,179	194,454
Extracurricular Activities	476,899	474,334	375,460	348,844
Interest and Fiscal Charges	325,791	546,646	325,791	546,646
Total Expenses	<u>\$18,812,980</u>	<u>\$19,331,376</u>	<u>\$14,529,711</u>	<u>\$14,738,422</u>

Bucyrus City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

The support from general revenues to provide for the costs of programs was very similar in fiscal year 2013 as in fiscal year 2012 (77 percent in fiscal year 2013 and 76 percent in fiscal year 2012). 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. Costs of the special and vocational instruction programs were provided for through program revenues (primarily due to grant resources restricted for special and vocational instruction purposes). Over 97 percent of the non-instructional services program costs were provided for through program revenues. This is primarily due to cafeteria sales, state and federal subsidies and donated commodities for food services, and for State resources received by the School District on behalf of the parochial school located within the School District.

Governmental Funds Financial Analysis

The School District's governmental funds are accounted for using the modified accrual basis of accounting. For the General Fund, there was a decrease in fund balance of over 6 percent. There was a 5 percent decrease in revenues, primarily property tax revenue due to the decrease in assessed valuations but there was also a decrease in intergovernmental revenue due to State funding. There was also a 6 percent decrease in expenditures. However, expenditures were greater than revenues resulting in cash carryover spending.

Business-Type Activity Financial Analysis

The School District's business-type activity is the Early Childhood Development program. For fiscal year 2013, the program had an operating income and increase in net position.

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 2013, the School District amended its General Fund budget as needed. For revenues, changes from the original budget to the final budget as well as from the final budget to actual expenditures were not significant. The same can be said for expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the School District had \$35,448,202 invested in capital assets (net of accumulated depreciation). The most significant addition was a new HVAC system and window replacement. There were no disposals. For further information regarding the School District's capital assets, refer to Note 10 to the basic financial statements.

Bucyrus City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Debt

The School District's outstanding debt at June 30, 2013, consisted of general obligation bonds, in the amount of \$13,513,245. During fiscal year 2013, the School District advance refunded \$8,310,000 in general obligation bonds to reduce the aggregate debt service payments by \$1,178,283 over the next sixteen years and obtain an economic gain of \$745,585. 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 16 to the basic financial statements.

Current Issues

As part of the governance of School District finances, each October and May the School District prepares a five-year forecast. This year our forecast is laden with risks and uncertainty due to the economic climate and volatility of the legislative changes that are happening very fast and with little time to plan. We are simply responding to the cause-and-effect of the economic changes with promptness. The items below represent some of our current issues and how they affect our financial forecast long-term.

- Crawford County will go through a reappraisal update for the 2015 tax year to be collected in fiscal year 2016. A complete reappraisal occurred in tax year 2012 for collection in fiscal year 2013 which lowered assessed values by \$15.98 million or a decrease of 11.5 percent. In fiscal year 2015, the School District is expecting to remain flat in terms of valuation changes as property values are starting to recover in the state. There is, however, some risk that the School District could sustain another reduction in values but we do not anticipate another reduction.
- The State Budget represents nearly 69 percent of the School District's revenues (State foundation). It is clearly the area where the largest risk could come to revenue stability. The risk comes in fiscal year 2016 and beyond if the State economy worsens or if the currently adopted HB59 State funding formula is changed to reduce funding to our School District. Future uncertainty in both the State foundation funding formula and the State's economy makes this area an elevated risk to School District funding.
- The State budget eliminated the tangible personal property (TPP) fixed rate reimbursement to school districts after fiscal year 2012. This was an area of uncertainty that was cleared up by the State abruptly eliminating the funding source. The School District will continue to receive its TPP fixed sum reimbursement of approximately \$152,000 as long as the substitute emergency levy is in effect.
- There are many provisions in the current State budget bill (HB59) that will increase the School District's expenditures in the form of expanded EdChoice Scholarships in fiscal year 2017 and the new Income Base-Based Voucher Program in fiscal year 2014. These are examples of new choice programs in the current State budget that could increase costs. Expansion of programs such as these could expose the School District to new expenditures that are not currently included in the financial forecast. We are monitoring any new threats to our State aid and increased costs very closely.

Bucyrus City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

- Patient Protection and Affordable Care Act (PPACA), this program was approved March 23, 2010, along with the Health Care and Education Reconciliation Act. Many of the provisions of this federal statute were supposed to be implemented January 1, 2014, but were delayed until January 1, 2015. We are aware of additional taxes that will be assessed on the School District January 1, 2015, which could increase costs by as much as 2 percent. There is the additional risk that costs will go up as additional employees are added to our health care rolls. Rules for the PPACA are in flux at this time and we are tracking them closely. Future uncertainty over rules and implementation of PPACA is an elevated risk to our costs. We continue to monitor the rules and implementation as this significant change to health care evolves.

- Labor relations in the School District have been very amicable with all parties working for the best interest of students and realizing the resource challenges the School District faces. We believe as the School District moves forward this strong working relationship will continue.

The Board of Education continues to examine the School District's finances diligently to preserve financial resources while at the same time providing a high quality education for our students.

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 Ryan Cook, Treasurer, Bucyrus City School District, 170 Plymouth Street, Bucyrus, Ohio 44820.

This page is intentionally left blank.

Bucyrus City School District
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-Type Activity	Total
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$6,001,402	\$11,884	\$6,013,286
Cash and Cash Equivalents			
with Fiscal Agent	1,085,810	0	1,085,810
Accounts Receivable	108,015	0	108,015
Accrued Interest Receivable	4,078	0	4,078
Intergovernmental Receivable	414,721	0	414,721
Inventory Held for Resale	20,366	0	20,366
Materials and Supplies Inventory	6,053	0	6,053
Property Taxes Receivable	5,981,770	0	5,981,770
Payment in Lieu of Taxes Receivable	44,359	0	44,359
Nondepreciable Capital Assets	475,000	0	475,000
Depreciable Capital Assets, Net	34,973,202	0	34,973,202
Total Assets	<u>49,114,776</u>	<u>11,884</u>	<u>49,126,660</u>
<u>Deferred Outflows of Resources:</u>			
Deferred Charge on Refunding	<u>1,466,979</u>	<u>0</u>	<u>1,466,979</u>
<u>Liabilities:</u>			
Accounts Payable	53,157	0	53,157
Contracts Payable	68,629	0	68,629
Accrued Wages and Benefits Payable	1,174,090	0	1,174,090
Matured Compensated Absences Payable	31,807	0	31,807
Intergovernmental Payable	355,507	0	355,507
Retainage Payable	4,016	0	4,016
Accrued Interest Payable	31,657	0	31,657
Separation Benefits Payable	15,000	0	15,000
Claims Payable	450,790	0	450,790
Long-Term Liabilities:			
Due Within One Year	506,563	0	506,563
Due in More Than One Year	14,278,494	0	14,278,494
Total Liabilities	<u>16,969,710</u>	<u>0</u>	<u>16,969,710</u>
<u>Deferred Inflows of Resources:</u>			
Property Taxes	3,761,678	0	3,761,678
Payment in Lieu of Taxes	44,359	0	44,359
Total Deferred Inflows of Resources	<u>3,806,037</u>	<u>0</u>	<u>3,806,037</u>
<u>Net Position</u>			
Net Investment in Capital Assets	23,546,025	0	23,546,025
Restricted For:			
Debt Service	501,030	0	501,030
Capital Projects	552,693	0	552,693
Other Purposes	896,355	0	896,355
Unrestricted	4,309,905	11,884	4,321,789
Total Net Position	<u>\$29,806,008</u>	<u>\$11,884</u>	<u>\$29,817,892</u>

See Accompanying Notes to Basic Financial Statements

Bucyrus City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2013

	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Interest</u>
<u>Governmental Activities:</u>			
Instruction:			
Regular	\$8,061,074	\$440,688	\$165,688
Special	2,115,899	83,787	2,122,688
Vocational	33,723	0	44,901
Support Services:			
Pupils	888,755	0	227,739
Instructional Staff	1,088,680	0	0
Board of Education	99,527	0	0
Administration	1,507,287	0	0
Fiscal	445,699	0	0
Business	87,497	0	0
Operation and Maintenance of Plant	2,031,114	0	0
Pupil Transportation	346,972	0	27,469
Central	208,014	0	0
Non-Instructional Services	1,096,049	301,036	767,834
Extracurricular Activities	476,899	101,414	25
Interest and Fiscal Charges	325,791	0	0
Total Governmental Activities	<u>18,812,980</u>	<u>926,925</u>	<u>3,356,344</u>
<u>Business-Type Activity</u>			
Early Childhood Development	<u>2,504</u>	<u>7,854</u>	<u>0</u>
Total	<u><u>\$18,815,484</u></u>	<u><u>\$934,779</u></u>	<u><u>\$3,356,344</u></u>

General Revenues:

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

Change in Net Position

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

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Change in Net Position

Governmental Activities	Business-Type Activity	Total
(\$7,454,698)	\$0	(\$7,454,698)
90,576	0	90,576
11,178	0	11,178
(661,016)	0	(661,016)
(1,088,680)	0	(1,088,680)
(99,527)	0	(99,527)
(1,507,287)	0	(1,507,287)
(445,699)	0	(445,699)
(87,497)	0	(87,497)
(2,031,114)	0	(2,031,114)
(319,503)	0	(319,503)
(208,014)	0	(208,014)
(27,179)	0	(27,179)
(375,460)	0	(375,460)
(325,791)	0	(325,791)
(14,529,711)	0	(14,529,711)
0	5,350	5,350
(14,529,711)	5,350	(14,524,361)
3,704,914	0	3,704,914
49,974	0	49,974
553,675	0	553,675
49,974	0	49,974
45,131	0	45,131
8,233,759	0	8,233,759
27,477	0	27,477
1,200	0	1,200
244,004	0	244,004
12,910,108	0	12,910,108
(1,619,603)	5,350	(1,614,253)
31,425,611	6,534	31,432,145
\$29,806,008	\$11,884	\$29,817,892

Bucyrus City School District
Balance Sheet
Governmental Funds
June 30, 2013

	General	Other Governmental	Total Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$4,345,847	\$1,649,950	\$5,995,797
Cash and Cash Equivalents			
with Fiscal Agent	1,020,952	64,858	1,085,810
Accounts Receivable	8,015	100,000	108,015
Accrued Interest Receivable	4,078	0	4,078
Interfund Receivable	70,044	0	70,044
Intergovernmental Receivable	32,892	381,829	414,721
Inventory Held for Resale	0	20,366	20,366
Materials and Supplies Inventory	0	6,053	6,053
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	5,605	0	5,605
Property Taxes Receivable	5,058,904	922,866	5,981,770
Payment in Lieu of Taxes Receivable	44,359	0	44,359
Total Assets	<u>\$10,590,696</u>	<u>\$3,145,922</u>	<u>\$13,736,618</u>
<u>Liabilities:</u>			
Accounts Payable	\$30,642	\$22,515	\$53,157
Contracts Payable	0	68,629	68,629
Accrued Wages and Benefits Payable	988,438	185,652	1,174,090
Matured Compensated Absences Payable	31,807	0	31,807
Interfund Payable	0	70,044	70,044
Intergovernmental Payable	301,303	54,204	355,507
Retainage Payable	0	4,016	4,016
Claims Payable	423,757	27,033	450,790
Total Liabilities	<u>1,775,947</u>	<u>432,093</u>	<u>2,208,040</u>
<u>Deferred Inflows of Resources:</u>			
Property Taxes	3,175,386	586,292	3,761,678
Payment in Lieu of Taxes	44,359	0	44,359
Unavailable Revenue	353,329	211,399	564,728
Total Deferred Inflows of Resources	<u>3,573,074</u>	<u>797,691</u>	<u>4,370,765</u>
<u>Fund Balances:</u>			
Nonspendable	0	6,053	6,053
Restricted	5,605	1,944,951	1,950,556
Assigned	355,420	0	355,420
Unassigned (Deficit)	4,880,650	(34,866)	4,845,784
Total Fund Balances	<u>5,241,675</u>	<u>1,916,138</u>	<u>7,157,813</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$10,590,696</u>	<u>\$3,145,922</u>	<u>\$13,736,618</u>

See Accompanying Notes to the Basic Financial Statements

Bucyrus City School District
 Reconciliation of Total Governmental Fund Balances
 to Net Position of Governmental Activities
 June 30, 2013

Total Governmental Fund Balances		\$7,157,813
<p>Amounts reported for governmental activities on the statement of net position are different because of the following:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		35,448,202
<p>Deferred outflows of resources consists of deferred charges on refundings which do not provide current financial resources and, therefore, are not reported in the funds.</p>		1,466,979
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:</p>		
Accounts Receivable	5,421	
Accrued Interest Receivable	1,490	
Intergovernmental Receivable	147,745	
Delinquent Property Taxes Receivable	410,072	
		564,728
<p>Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:</p>		
Accrued Interest Payable	(31,657)	
General Obligation Bonds Payable	(13,513,245)	
Compensated Absences Payable	(1,271,812)	
Separation Benefits Payable	(15,000)	
		(14,831,714)
Net Position of Governmental Activities		\$29,806,008

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, 2013

	General	Other Governmental	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$3,663,409	\$652,243	\$4,315,652
Payment in Lieu of Taxes	45,131	0	45,131
Intergovernmental	9,358,093	2,175,566	11,533,659
Interest	27,741	421	28,162
Tuition and Fees	525,791	0	525,791
Extracurricular Activities	0	93,568	93,568
Charges for Services	0	301,036	301,036
Gifts and Donations	1,200	25	1,225
Miscellaneous	122,168	129,682	251,850
Total Revenues	<u>13,743,533</u>	<u>3,352,541</u>	<u>17,096,074</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	7,179,351	389,767	7,569,118
Special	1,496,139	568,647	2,064,786
Vocational	9,389	0	9,389
Support Services:			
Pupils	835,393	35,008	870,401
Instructional Staff	801,063	265,614	1,066,677
Board of Education	99,527	0	99,527
Administration	1,355,548	29,755	1,385,303
Fiscal	433,558	23,669	457,227
Business	137,145	62,118	199,263
Operation and Maintenance of Plant	936,473	605,164	1,541,637
Pupil Transportation	309,468	14,014	323,482
Central	191,959	15,502	207,461
Non-Instructional Services	400	1,008,539	1,008,939
Extracurricular Activities	322,456	108,419	430,875
Capital Outlay	0	775,530	775,530
Debt Service:			
Principal Retirement	0	265,000	265,000
Interest and Fiscal Charges	0	479,646	479,646
Total Expenditures	<u>14,107,869</u>	<u>4,646,392</u>	<u>18,754,261</u>
Excess of Revenues			
Under Expenditures	<u>(364,336)</u>	<u>(1,293,851)</u>	<u>(1,658,187)</u>
<u>Other Financing Sources (Uses)</u>			
General Obligation Bonds Issued	0	8,310,000	8,310,000
Premium on Bonds Issued	0	1,594,156	1,594,156
Payment to Refunded Bond Escrow Agent	0	(9,776,979)	(9,776,979)
Transfers In	0	1,135,780	1,135,780
Transfers Out	0	(1,135,780)	(1,135,780)
Total Other Financing Sources (Uses)	<u>0</u>	<u>127,177</u>	<u>127,177</u>
Changes in Fund Balances	(364,336)	(1,166,674)	(1,531,010)
Fund Balances at Beginning of Year - Restated (Note 3)	<u>5,606,011</u>	<u>3,082,812</u>	<u>8,688,823</u>
Fund Balances at End of Year	<u>\$5,241,675</u>	<u>\$1,916,138</u>	<u>\$7,157,813</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, 2013

Changes in Fund Balances - Total Governmental Funds (\$1,531,010)

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 depreciation exceeded capital outlay in the current fiscal year.

Capital Outlay - Nondepreciable Capital Assets	50,840	
Capital Outlay - Depreciable Capital Assets	326,481	
Depreciation	<u>(833,823)</u>	(456,502)

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

Delinquent Property Taxes	42,885	
Intergovernmental	56,413	
Interest	(679)	
Tuition and Fees	<u>(1,316)</u>	97,303

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

Payment to Refunded Bond Escrow Agent	9,776,979	
General Obligation Bonds	<u>265,000</u>	10,041,979

Bond proceeds are other financing sources in the governmental funds but the issuance increase long-term liabilities on the statement of net position. (8,310,000)

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when the debt is first issued; however, this amount is deferred and amortized on the statement of activities. Accounting losses are amortized over the life of the debt on the statement of activities.

Accrued Interest Payable	(166,697)	
Annual Accretion on Capital Appreciation Bonds	(7,360)	
Unamortized Premium	(1,594,156)	
Amortization of Premium	<u>327,912</u>	(1,440,301)

Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences	(36,072)	
Separation Benefits	<u>15,000</u>	
		<u>(21,072)</u>

Change in Net Position of Governmental Activities (\$1,619,603)

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$3,942,354	\$3,895,365	\$3,898,598	\$3,233
Payment in Lieu of Taxes	45,131	45,131	45,131	0
Intergovernmental	9,459,185	9,241,668	9,356,071	114,403
Interest	19,000	19,000	22,465	3,465
Tuition and Fees	580,177	579,095	525,756	(53,339)
Extracurricular Activities	50	0	0	0
Gifts and Donations	3,000	1,125	1,200	75
Miscellaneous	128,770	109,479	81,043	(28,436)
Total Revenues	<u>14,177,667</u>	<u>13,890,863</u>	<u>13,930,264</u>	<u>39,401</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	7,256,484	7,217,578	7,443,441	(225,863)
Special	1,715,168	1,595,003	1,526,122	68,881
Vocational	45,781	45,781	9,890	35,891
Support Services:				
Pupils	791,738	786,743	870,833	(84,090)
Instructional Staff	1,116,168	1,047,711	886,884	160,827
Board of Education	116,163	122,163	112,340	9,823
Administration	1,545,766	1,481,299	1,398,722	82,577
Fiscal	500,323	503,356	444,321	59,035
Business	220,156	222,577	144,055	78,522
Operation and Maintenance of Plant	1,398,450	1,152,114	982,739	169,375
Pupil Transportation	338,505	329,510	325,452	4,058
Central	190,246	224,971	201,681	23,290
Non-Instructional Services	400	400	400	0
Extracurricular Activities	347,082	356,776	332,436	24,340
Capital Outlay	26,000	26,000	0	26,000
Total Expenditures	<u>15,608,430</u>	<u>15,111,982</u>	<u>14,679,316</u>	<u>432,666</u>
Excess of Revenues				
Under Expenditures	(1,430,763)	(1,221,119)	(749,052)	472,067
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	8,500	9,266	9,266	0
Other Financing Uses	(264,664)	(202,564)	0	202,564
Total Other Financing Sources (Uses)	<u>(256,164)</u>	<u>(193,298)</u>	<u>9,266</u>	<u>202,564</u>
Changes in Fund Balance	(1,686,927)	(1,414,417)	(739,786)	674,631
Fund Balance at Beginning of Year	4,667,626	4,667,626	4,667,626	0
Prior Year Encumbrances Appropriated	95,670	95,670	95,670	0
Fund Balance at End of Year	<u>\$3,076,369</u>	<u>\$3,348,879</u>	<u>\$4,023,510</u>	<u>\$674,631</u>

See Accompanying Notes to the Basic Financial Statements

Bucyrus City School District
Statement of Fund Net Position
Enterprise Fund
June 30, 2013

	<u>Early Childhood Development</u>
<u>Current Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$11,884</u>
<u>Net Position:</u>	
Unrestricted	<u>\$11,884</u>

See Accompanying Notes to the Basic Financial Statements

Bucyrus City School District
Statement of Revenues, Expenses, and Change in Fund Net Position
Enterprise Fund
For the Fiscal Year Ended June 30, 2013

	<u>Early Childhood Development</u>
<u>Operating Revenues:</u>	
Tuition and Fees	<u>\$7,854</u>
<u>Operating Expenses:</u>	
Salaries	423
Fringe Benefits	79
Purchased Services	257
Materials and Supplies	1,745
Total Operating Expenses	<u>2,504</u>
Operating Income	5,350
Net Position at Beginning of Year - Restated (Note 3)	<u>6,534</u>
Net Position at End of Year	<u><u>\$11,884</u></u>

See Accompanying Notes to the Basic Financial Statements

Bucyrus City School District
Statement of Cash Flows
Enterprise Fund
For the Fiscal Year Ended June 30, 2013

Early Childhood
Development

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from Tuition and Fees	\$7,854
Cash Payments for Salaries	(423)
Cash Payments for Fringe Benefits	(79)
Cash Payments for Goods and Services	<u>(2,002)</u>
Net Cash Provided by Operating Activities	5,350

Cash and Cash Equivalents at Beginning of Year	<u>6,534</u>
Cash and Cash Equivalents at End of Year	<u><u>\$11,884</u></u>

Reconciliation of Operating Income to Net

Cash Provided By Operating Activities:

Operating Income	<u><u>\$5,350</u></u>
------------------	-----------------------

See Accompanying Notes to the Basic Financial Statements

Bucyrus City School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$3,427	\$40,261
<u>Liabilities:</u>		
Due to Students	0	\$40,261
<u>Net Position:</u>		
Held in Trust for Scholarships	\$3,427	

See Accompanying Notes to the Basic Financial Statements

Bucyrus City School District
Statement of Change in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2013

<u>Additions:</u>	
Gifts and Donations	\$1,665
 <u>Deductions:</u>	
Non-Instructional Services	1,500
	<hr/>
Change in Net Position	165
Net Position at Beginning of Year	3,262
Net Position at End of Year	<hr/> <u>\$3,427</u> <hr/>

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 341st largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by one hundred two classified employees, forty eight certified teaching personnel, and ten administrative employees who provide services to 1,475 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 two insurance pools. These organizations are the Tri-Rivers Educational Computer Association (TRECA), Pioneer Career and Technology Center, Metropolitan Educational Council, the Ohio School Boards Association Workers’ Compensation Group Rating Plan, and the Jefferson Health 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. 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 position 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 position 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 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).

The statement of net position presents the financial condition of the governmental and business-type 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 and the business-type activity. 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 or business activity 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 and enterprise fund financial reporting 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 three categories; governmental, proprietary, 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 deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The School District's only major fund is the General Fund.

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.

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

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, change in net position, financial position, and cash flows.

Enterprise Fund - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District has one enterprise fund, which is not a major fund, that accounts for revenues from an after school care program.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. 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 position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

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.

Like the government-wide financial statements, the enterprise fund is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net position. The statement of revenues, expenses, and change in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the School District finances and meets the cash flow needs of its enterprise activity.

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; the enterprise fund and 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 outflows and deferred inflows of resources, 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.

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 2 - Summary of Significant Accounting Policies (continued)

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. For the School District, deferred outflows of resources consists of a deferred charge on refunding reported on the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and the reacquisition price. This amount is deferred and amortized over the life of the old debt or the life of the new debt, whichever is shorter.

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources consists of property taxes, payment in lieu of taxes, and unavailable revenue. Property taxes represent amounts for which there was an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. Payment in lieu of taxes represents a contractual promise to make payment of property taxes which reflect all or a portion of the taxes which would have been paid if the taxes had not been exempted. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes accrued interest, intergovernmental revenue including grants, delinquent property taxes, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available.

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, 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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 held for the School District by the Jefferson Health Plan are reflected as “Cash and Cash Equivalents with Fiscal Agent”.

During fiscal year 2013, the School District invested in nonnegotiable certificates of deposit, 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 net asset value per share, which is the price the investment could be sold for on June 30, 2013.

The School District allocates interest earnings according to State statutes. Interest revenue credited to the General Fund during fiscal year 2013 was \$27,741, which includes \$6,709 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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 externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the General Fund represent unexpended revenues restricted for bus purchases.

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 position but are not reported on the fund financial statements.

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The School District maintains a capitalization threshold of two thousand five hundred dollars. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

All capital assets, except land and construction and progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Useful Lives
Land Improvements	20 - 40 years
Buildings and Building Improvements	25 - 138 years
Furniture, Fixtures, and Equipment	10 - 50 years
Vehicles	10 - 15 years

J. Deferred Charge on Refunding

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This deferred amount is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as deferred outflows of resources on the statement of net position.

K. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from interfund loans are classified as “Interfund Receivables/Payables”. Interfund balances are eliminated on the statement of net position, except for any net residual amounts due between governmental and business-type activities. These amounts are presented as “Internal Balances”.

Note 2 - Summary of Significant Accounting Policies (continued)

L. Compensated Absences

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

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

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

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

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise fund are reported on the enterprise fund 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 are recognized as a liability on the fund financial statements when due.

N. Unamortized Premium

On government-wide financial statements, premiums are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period when the debt is issued.

Note 2 - Summary of Significant Accounting Policies (continued)

O. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for food service operations, music and athletic 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 position is available.

P. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions.

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by the Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided those amounts have been lawfully appropriated.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Note 2 - Summary of Significant Accounting Policies (continued)

The School District first applies restricted resources when an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are tuition and fees for an after school care program. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

R. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments made 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 and after nonoperating revenues/expenses in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

S. Estimates

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

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

A. Change in Accounting Principles

For fiscal year 2013, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", Statement No. 61, "The Financial Reporting Entity: Omnibus", "Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements", Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", Statement No. 65, "Items Previously Reported as Assets and Liabilities", and Statement No. 66, "Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62".

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements which are a type of public-public or public-private partnership. The implementation of this statement did not result in any change to the School District's financial statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity and the financial reporting entity display and disclosure requirements. The implementation of this statement did not result in any change to the School District's financial statements.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change to the School District's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related note disclosures. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position and/or fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets or liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets or liabilities as inflows of resources (revenues) or outflows of resources (expenses or expenditures). These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position and/or fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and, thereby, enhance the usefulness of the financial reports. The implementation of this statement did not result in any change to the School District's financial statements.

B. Restatement of Fund Balance/Net Position

In the prior fiscal year, the School District allocated wages, benefits, and associated costs to an incorrect fund. The restatement had the following effect on fund balance of the major and nonmajor funds of the School District as they were previously reported.

	General	Other Governmental	Total Governmental Funds
Fund Balance at June 30, 2012	\$5,614,134	\$3,082,812	\$8,696,946
Accrued Wages and Benefits Payable	(7,855)	0	(7,855)
Intergovernmental Payable	(268)	0	(268)
Adjusted Fund Balance at June 30, 2012	<u>\$5,606,011</u>	<u>\$3,082,812</u>	<u>\$8,688,823</u>

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

The restatement had the following effect on net position.

	Total Governmental Activities	Total Business-Type Activity
Net Position (Deficit) at June 30, 2012	\$31,447,523	(\$15,378)
Accrued Wages and Benefits Payable	(7,855)	7,855
Intergovernmental Payable	(268)	268
Compensated Absences Payable	(13,789)	13,789
Restated Net Position at June 30, 2012	\$31,425,611	\$6,534

Note 4 - Accountability and Compliance

A. Accountability

At June 30, 2013, the Early Childhood Education, Title VI-B, Title I, and Title II-A special revenue funds had deficit fund balances, in the amount of \$3,418, \$14,068, \$16,336, and \$1,044, 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

For the fiscal year ended June 30, 2013, the Bond Retirement debt service fund had final appropriations in excess of estimated resources plus available balances, in the amount of \$74,066. The Treasurer will review budgetary activity to ensure that appropriations are within available resources.

The Miscellaneous Local Grants, Network Connectivity, and Education Jobs special revenue funds and the Bond Retirement debt service fund had expenditures plus encumbrances in excess of appropriations, in the amount of \$1,462, \$1,800, \$5,671, and \$9,450,397, respectively, for the fiscal year ended June 30, 2013. The Treasurer will monitor budgetary transactions to ensure that expenditures are within amounts appropriated.

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).

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 5 - Budgetary Basis of Accounting (continued)

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 restricted, committed, or assigned 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	(\$364,336)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2012, Received in Cash FY 2013	1,773,973
Accrued FY 2013, Not Yet Received in Cash	(1,575,174)
Expenditure Accruals:	
Accrued FY 2012, Paid in Cash FY 2013	(1,638,273)
Accrued FY 2013, Not Yet Paid in Cash	1,775,947
Cash Adjustments:	
Unrecorded Activity FY 2012	662,701
Unrecorded Activity FY 2013	(1,018,664)
Prepaid Items	44,314
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(400,274)
Budget Basis	<u><u>(\$739,786)</u></u>

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.

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 6 - Deposits and Investments (continued)

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.

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.

Investments

As of June 30, 2013, the School District had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Mutual Funds	\$837,005	40.63 Days
STAR Ohio	263,248	57.5 Days
Total Investments	<u>\$1,100,253</u>	

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 6 - Deposits and Investments (continued)

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

The 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.

Note 7 - Receivables

Receivables at June 30, 2013, 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	
Homestead and Rollback	\$2,022
Northwest Local School District	400
Ohio Bureau of Workers' Compensation	29,788
Pioneer Career and Technology Center	682
Total General Fund	32,892
Other Governmental Funds	
Food Service	20,096
Classroom Facilities	26
Early Childhood Education	11,930
Title VI-B	106,412
Title I	135,178
Early Childhood Special Education	2,382
Title II-A	23,278
Miscellaneous Federal Grants	77,699
Bond Retirement	302
Permanent Improvement	4,526
Total Other Governmental Funds	381,829
Total Intergovernmental Receivables	\$414,721

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, 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 2013 represent the collection of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, 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.

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, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of June 30, 2013, 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 inflows of resources - property taxes.

The amount available as an advance at June 30, 2013, was \$1,537,100 in the General Fund, \$20,819 in the Classroom Facilities special revenue fund, \$231,282 in the Bond Retirement debt service fund, and \$20,819 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2012, was \$1,772,289 in the General Fund, \$25,744 in the Classroom Facilities special revenue fund, \$296,100 in the Bond Retirement debt service fund, and \$25,744 in the Permanent Improvement capital projects fund.

Collectible delinquent property taxes have been recorded as a receivable and revenue on an accrual basis. On a modified accrual basis, the revenue has been recorded as deferred inflows of resources - unavailable revenue.

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 8 - Property Taxes (continued)

The assessed values upon which fiscal year 2013 taxes were collected are:

	2012 Second- Half Collections		2013 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$132,375,410	95.21%	\$117,661,740	94.27%
Public Utility	6,662,840	4.79	7,156,490	5.73
Total Assessed Value	<u>\$139,038,250</u>	<u>100.00%</u>	<u>\$124,818,230</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$56.41		\$57.65	

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, 2013, was as follows:

	Balance at 6/30/12	Additions	Reductions	Balance at 6/30/13
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$424,160	\$0	\$0	\$424,160
Construction in Progress	0	50,840	0	50,840
Total Nondepreciable Capital Assets	<u>424,160</u>	<u>50,840</u>	<u>0</u>	<u>475,000</u>
Depreciable Capital Assets				
Land Improvements	873,860	10,650	0	884,510
Buildings and Building Improvements	39,314,325	213,313	0	39,527,638
Furniture, Fixtures, and Equipment	618,708	102,518	0	721,226
Vehicles	891,625	0	0	891,625
Total Depreciable Capital Assets	<u>41,698,518</u>	<u>326,481</u>	<u>0</u>	<u>42,024,999</u>

(continued)

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 10 - Capital Assets (continued)

	Balance at 6/30/12	Additions	Reductions	Balance at 6/30/13
Governmental Activities (continued)				
Less Accumulated Depreciation				
Land Improvements	(\$798,225)	(\$12,479)	\$0	(\$810,704)
Buildings and Building Improvements	(4,533,892)	(742,704)	0	(5,276,596)
Furniture, Fixtures, and Equipment	(260,776)	(51,187)	0	(311,963)
Vehicles	(625,081)	(27,453)	0	(652,534)
Total Accumulated Depreciation	(6,217,974)	(833,823)	0	(7,051,797)
Depreciable Capital Assets, Net	35,480,544	(507,342)	0	34,973,202
Governmental Activities Capital Assets, Net	\$35,904,704	(\$456,502)	\$0	\$35,448,202

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$501,894
Special	66,510
Vocational	24,334
Support Services:	
Pupils	13,267
Instructional Staff	3,286
Administration	29,183
Fiscal	4,739
Operation and Maintenance of Plant	26,396
Pupil Transportation	23,349
Non-Instructional Services	94,841
Extracurricular Activities	46,024
Total Depreciation Expense	<u>\$833,823</u>

Note 11 - Interfund Assets/Liabilities

At June 30, 2013, the General Fund had an interfund receivable, in the amount of \$70,044, from other governmental funds for short-term loans made to those funds. All amounts are expected to be repaid within one year.

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 12 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the School District contracted for the following insurance coverage.

Coverage provided by the Netherlands Insurance Company:

Buildings and Contents - replacement cost	\$56,356,200
Auto Liability	1,000,000
General Liability	
Each Occurrence	1,000,000
Aggregate	2,000,000

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 2013, 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.

The School District offers medical and drug insurance to all employees through a self-insured program through the General Fund. The School District's third party administrator is the Jefferson Health Plan. The School District purchased stop loss insurance for claims in excess of \$500,000 per individual and \$1,000,000 total aggregate annually. The School District's self-insured deductible is \$35,000. Amounts between \$35,000 and \$500,000 are paid from a shared risk pool. Settled claims have not exceeded this coverage for the past three years. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payable at June 30, 2013, was estimated by the third party administrator at \$450,790.

The change in the claims liability for the past two fiscal years is as follows:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2013	\$288,471	\$1,533,663	\$1,371,344	\$450,790
2012	328,119	1,925,265	1,964,913	288,471

Note 13 - Defined Benefit Pension Plans

A. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. 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 can 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.

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 - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the STRS Ohio Board upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased 1 percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013, 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.

The School District's required contribution to STRS Ohio for the DBP and for the defined benefit portion of the CP were \$784,404 and \$16,766 for the fiscal year ended June 30, 2013, \$903,680 and \$16,302 for the fiscal year ended June 30, 2012, and \$889,006 and \$29,783 for the fiscal year ended June 30, 2011. For fiscal year 2013, 87 percent has been contributed for both the DBP and the CP, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

The contribution to STRS Ohio for the DCP for fiscal year 2013 was \$16,971 made by the School District and \$12,122 made by the plan members. In addition, member contributions of \$11,976 were made for fiscal year 2013 for the defined contribution portion of the CP.

Note 13 - Defined Benefit Pension Plans (continued)

B. School Employees Retirement System

Plan Description - The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a stand-alone financial report that can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirement of plan members and employers is 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. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the system's funds (pension trust fund, death benefit fund, Medicare B fund, and health care fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.1 percent. The remaining .9 percent of the 14 percent employer contribution rate was allocated to the Medicare B and health care funds. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 was \$200,410, \$248,468, and \$237,800, respectively. For fiscal year 2013, 48 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

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, 2013, three of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 14 - Postemployment Benefits

A. State Teachers Retirement System

Plan Description - The School District participates in 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. Ohio law authorizes STRS Ohio to offer the Plan. 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 can be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at www.strsoh.org.

Note 14 - Postemployment Benefits (continued)

Funding Policy - Chapter 3307 of the Ohio Revised Code authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The School District's contribution for health care for the fiscal years ended June 30, 2013, 2012, and 2011 was \$62,934, \$71,664, and \$71,561, respectively. For fiscal year 2013, 87 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

B. School Employees Retirement System

Plan Description - The School District participates in two cost-sharing multiple-employer defined benefit other postemployment 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, Medicare Advantage, 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 obligation 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 can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

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 105(e). For fiscal year 2013, .16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2013, this amount was \$20,525. For fiscal year 2013, the School District paid \$23,507 in surcharge.

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, 2013, 2012, and 2011 was \$2,448, \$10,760, and \$28,794, respectively. For fiscal year 2013, 48 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

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 2013, this actuarially required allocation was .74 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 was \$11,321, \$14,673, and \$15,303, respectively. For fiscal year 2013, 48 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Note 15 - 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.

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 seventy-four 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 medical insurance to all employees through a self-insurance program. Dental insurance is offered to all employees through Coresource, Inc. Life insurance is through the 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.

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 16 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2013 were as follows:

	Restated Balance at 6/30/12	Additions	Reductions	Balance at 6/30/13	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds					
School Improvement Bonds					
FY 2007					
Serial Bonds 3.5-3.75%	\$2,120,000	\$0	\$265,000	\$1,855,000	\$335,000
Term Bonds 4.25-5%	9,920,000	0	8,310,000	1,610,000	0
Bond Premium	464,641	0	327,912	136,729	0
School Improvement Refunding					
Bonds FY 2013					
Serial Bonds 1-3.5%	0	8,070,000	0	8,070,000	55,000
Capital Appreciation Bonds					
24.28-25.92%	0	240,000	0	240,000	0
Accretion on Capital Appreciation					
Bonds	0	7,360	0	7,360	0
Bond Premium	0	1,594,156	0	1,594,156	0
Total General Obligation Bonds	12,504,641	9,911,516	8,902,912	13,513,245	390,000
Compensated Absences	1,235,740	105,881	69,809	1,271,812	116,563
Total Governmental Activities					
Long-Term Obligations	\$13,740,381	\$10,017,397	\$8,972,721	\$14,785,057	\$506,563

FY 2007 School Improvement Bonds - On December 19, 2006, the School District issued general obligation bonds, in the amount of \$13,150,000, 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. During fiscal year 2013, a portion of the term bonds were refunded, in the amount of \$8,310,000.

As of June 30, 2013, \$8,310,000 of the refunded bonds was still outstanding.

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.

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 16 - Long-Term Obligations (continued)

FY 2013 School Improvement Refunding Bonds - On May 16, 2013, the School District issued general obligation bonds, in the amount of \$8,310,000, to partially refund bonds previously issued in fiscal year 2007 for the renovation of an elementary school and renovation/addition to the high school. The refunding bond issue includes serial and capital appreciation bonds, in the amount of \$8,070,000 and \$240,000, respectively. The bonds were issued at a premium of \$1,594,156. The bonds were issued for a nineteen year period, with final maturity in fiscal year 2032. The bonds are being retired through the Bond Retirement debt service fund.

The net proceeds of the refunding bond issue, in the amount of \$9,776,979, were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the FY 2007 School Improvement bonds. As a result, \$8,310,000 of the FY 2007 School Improvement bonds are considered to be defeased and the liability for the bonds has been removed from the School District's financial statements.

Although the refunding will result in the recognition of an accounting loss of \$1,466,979, the School District in effect decreased its aggregate debt service payments by \$1,178,283 over the next sixteen years and obtained an economic gain (difference between present values of the old and new debt service payments) of \$745,585

The serial bonds maturing on or after December 1, 2024, are subject to prior redemption on or after June 1, 2021, by and at the sole option of the School District, either in whole or in part and in integral multiples of \$5,000, at a redemption price of 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2020 through 2023. The maturity amount of the bonds is \$2,145,000. For fiscal year 2013, \$7,360 was accreted on the capital appreciation bonds for a total value of \$247,360 at fiscal year end.

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

The School District's overall debt margin was (\$565,334) with an unvoted debt margin of \$117,713 at June 30, 2013.

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 16 - Long-Term Obligations (continued)

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2013, were as follows:

Fiscal Year Ending	General Obligation Bonds				Interest	Total
	Serial	Term	Capital Appreciation	Capital		
2014	\$390,000	\$0	\$0	\$364,452	\$754,452	
2015	520,000	0	0	341,537	861,537	
2016	535,000	0	0	326,292	861,292	
2017	575,000	0	0	309,831	884,831	
2018	590,000	0	0	292,654	882,654	
2019-2023	410,000	1,610,000	175,000	2,361,675	4,556,675	
2024-2028	3,185,000	0	65,000	1,525,435	4,775,435	
2029-2032	3,720,000	0	0	263,265	3,983,265	
	\$9,925,000	\$1,610,000	\$240,000	\$5,785,141	\$17,560,141	

Note 17 - Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Other Governmental	Total Governmental Funds
Nonspendable for:			
Materials and Supplies			
Inventory	\$0	\$6,053	\$6,053
Restricted for:			
Athletics and Music	0	64,932	64,932
Bus Purchase	5,605	0	5,605
Debt Retirement	0	615,474	615,474
Food Service Operations	0	138,449	138,449
Network Connectivity	0	1,800	1,800
Parochial School	0	9,763	9,763
Permanent Improvements	0	547,837	547,837
Regular Instruction	0	4,673	4,673
School Facilities			
Maintenance	0	561,607	561,607
Special Instruction	0	416	416
Total Restricted	5,605	1,944,951	1,950,556

(continued)

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 17 - Fund Balance (continued)

Fund Balance	General	Other Governmental	Total Governmental Funds
Assigned for:			
Educational Activities	\$35,053	\$0	\$35,053
Extracurricular Activities	1,236	0	1,236
Special Instruction	24	0	24
Underground Storage Tank	11,000	0	11,000
Unpaid Obligations	308,107	0	308,107
Total Assigned	355,420	0	355,420
Unassigned (Deficit)	4,880,650	(34,866)	4,845,784
Total Fund Balance	\$5,241,675	\$1,916,138	\$7,157,813

Note 18 - Interfund Transfers

During fiscal year 2013, other governmental funds made transfers to other governmental funds, in the amount of \$1,135,780, to subsidize various programs in other 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 acquisition and construction of capital improvements. The amount 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. This amount must be carried forward and used for the same purpose in future fiscal years.

The following cash basis information identifies the change in the fund balance reserve for capital improvements during fiscal year 2013.

	Capital Improvements
Balance June 30, 2012	\$0
Current Year Set Aside Requirement	254,968
Current Year Offsets	(254,968)
Balance June 30, 2013	\$0

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 Athens, Crawford, Delaware, Erie, Knox, Licking, Marion, Morrow, Muskingum, Union, 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 2013, the School District paid \$17,950 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 Education Council (MEC) is a purchasing cooperative made up of one hundred ninety-three school districts, libraries, and related agencies in fifty-two 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 participant. All participants must pay all fees, charges, or other assessments as established by the MEC.

Note 21 - Insurance Pools

A. The Ohio School Boards Association Workers' Compensation Group Rating Plan

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 21 - Insurance Pools (continued)

B. Jefferson Health Plan

The School District participates in the Jefferson Health Plan (Plan), a risk-sharing, claims servicing, and insurance purchasing pool comprised of seventy-five members, including two insurance consortiums. Each participant appoints a member of the insurance plan's assembly. The Plan's business and affairs are conducted by a nine member Board of Directors elected from the assembly. The Plan offers medical, dental, and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$100,000, under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$500,000, and all claims between the deductible limit and the \$500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plans participants. All participants pay a premium rate that is actuarially calculated based on the participant's actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$500,000, stop loss coverage is purchased, as well as from an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services.

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, 2013.

B. Litigation

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

Bucyrus City School District
Schedule of Receipts and Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2013

Federal Grantor/ Pass Through Grantor / Program Title	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through The Ohio Department of Education:</i>			
Child Nutrition Cluster:			
National School Breakfast Program	10.553	\$ 179,960	\$ 179,960
National School Lunch Program	10.555	441,139	441,139
Summer Food Service Program for Children	10.559	35,158	35,158
Cash Assistance		656,257	656,257
Non-Cash Assistance (Food Distribution)	10.555	71,021	71,021
Total Child Nutrition Cluster		<u>727,278</u>	<u>727,278</u>
Child and Adult Care Food Program	10.558	1,220	1,220
National School Lunch and School Breakfast Programs Expansion Grant	10.560	3,000	-
Total U.S. Department of Agriculture		<u>731,498</u>	<u>728,498</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through The Ohio Department of Education:</i>			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	558,144	574,566
Total Title I Cluster		<u>558,144</u>	<u>574,566</u>
Special Education Cluster:			
Special Education Grants to States	84.027	346,567	301,396
Special Education Preschool Grant	84.173	9,460	9,820
Total Special Education Cluster		<u>356,027</u>	<u>311,216</u>
Twenty-First Century Community Learning Centers	84.287	189,871	189,768
Title II-D Education Technology	84.318	1,136	1,411
Title VI-B Rural Education	84.358	23,078	26,552
Title II-A Improving Teacher Quality State Grants	84.367	100,014	106,330
ARRA - Race to the Top	84.395	1,400	-
Education Jobs Fund	84.410	57,149	40,001
Total U.S. Department of Education		<u>1,286,819</u>	<u>1,249,844</u>
Total Federal Financial Assistance		<u>\$ 2,018,317</u>	<u>\$ 1,978,342</u>

The accompanying notes are an integral part of this schedule

Bucyrus City School District
Notes to the Schedule of Receipts and Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2013

Note A – Significant Accounting Policies

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) reports the Bucyrus City School District's (the School District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

Note B – 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.

Note C – Food Donation

The School District reports commodities consumed on the Schedule at the fair value. The School District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.

Note D – Matching Requirements

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

Perry & Associates
Certified Public Accountants, A.C.

www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E. Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

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

January 29, 2014

Bucyrus City School District
Crawford County
170 Plymouth Street
Bucyrus, OH 44820

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Bucyrus City School District**, Crawford County, (the School District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 29, 2014, wherein we noted the School District has adopted Governmental Accounting Standards Board Statement Nos. 63 and 65.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated January 29, 2014.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Perry & Associates
Certified Public Accountants, A.C.

www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E. Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

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

January 29, 2014

Bucyrus City School District
Crawford County
170 Plymouth Street
Bucyrus, OH 44820

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the **Bucyrus City School District's** (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Bucyrus City School District's major federal programs for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the School District's major federal programs.

Management's Responsibility

The School District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for each of the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the School District's major programs. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Bucyrus City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Bucyrus City School District
 Schedule of Audit Findings
 OMB Circular A -133 § .505
 For the Fiscal Year Ended June 30, 2013

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I Cluster: CFDA #84.010 Special Education Cluster: CFDA #84.027 and #84.173
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

Perry & Associates
Certified Public Accountants, A.C.

www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E. Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

January 29, 2014

Bucyrus City School District
Crawford County
170 Plymouth Street
Bucyrus, OH 44820

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on May, 24, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio



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
APRIL 15, 2014**